No. 30,151

Wednesday February 4 1987

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World news

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Opponents Siemens concede Aquino victory economy

Opposition parties in the Philip- SIEMENS, West German electrical pines have conceded defeat in Monday's plebiscite for a new constitution, confirming Mrs Corazon Aquino as president for six years.

Trends showed an overwhelming vote of confidence in Mrs Aquino soon after counting began. The trend continued yesterday with 87 per cent of the 45 per cent of votes counted so far in favour of the new

Observers believe the vote will boost the 11-month-old government, which came under attack from both left and right before the vote.

US conducts N-test

The US conducted its first nuclear test of 1987. The official Soviet newsagency Tass said the 20-kiloton test was a challenge to world opinion but did not indicate boy the Kremlin would respond. Fage 2

Marines deployed

The US Government ordered a second Marine amphibious force out of port in Spain, bringing to about 3,800 the number of US Marines now at sea in the Mediterranean, defence officials said.

Soviet arrest

Yury Churbanov, son-in-law of former Soviet leader Leonid Brezhnev, has been arrested and is under investigation on charges of corrup-tion, a Soviet official said.

French strike call

French teachers' unions called for a nationwide strike to protest against new laws which reinforce the powers of heads of primary schools.

Chinese chief moved

Zhu Houze, Chinese Communist Party propaganda chief, was "moved to another post," ending three weeks of speculation after the sudden removal of party chief Hu

Heysel riot charge

A police officer who directed securoperations at Emis els Hevse stadium on the night of the 1985 Enropean Cup final soccer riots in which 39 people died became the third Belgian official to be charged with involuntary bomicide.

Libyan death toll

Chad said that 1,167 Libyan soldiers had been killed since its troops launched an offensive a month ago aimed at recapturing the northern part of the country.

Policemen held

Three black South African special police constables were detained after shooting dead four people and wounding four others in an Eastern Page 29

Cape township, police said. Peace envoy killing

The Soviet Union denounced the killing of an official carrying out Af-ghanistan's national reconciliation programme as an attempt to derail the Kabul Government's efforts to restore peace.

Getting into line

European Commission launched plans to standardise mo-bile telephones in its 12 member ELECTR states by 1991. Page 2

Anti-Aids plan

The European Community announced plans to set up a joint anti-Aids campaign with African countries hit by the disease.

Wages of sin

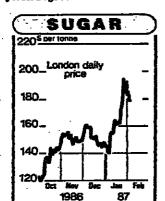
Down-and-out alcoholic Thomas O'Donnell stole a £250,000 bust from St Margaret's Church in the City of London and sold it for £250 to buy drink. It was the third treasure he had stolen from London churches. He was jailed for four

worried over \$.

and electronics group, reported flat first-quarter earnings and ex-pressed concern about the weakening state of the economy and the effects on sales of the dollar's sharp fall. Page 17

PEPSICO, world's second bigges soft-drink company after Coca-Cola, has reported strong earnings growth thanks to acquisitions of restaurant and soft-drink companies and higher volumes in existing businesses. Page 17

VIAG, West German energy, aluminium and chemicals group in which 40 per cent of the shares were privatised last June, plans to make capital investments of about DM 4bn (\$2.2bn) over the next five



SUGAR: The London daily raw price fell \$5.50 to \$179.50 a tonne. It is now \$15.50 below the eight-month peak which it reached last week amid concern over Brazilian supply problems. Traders resist Brazil's plan, Page 28

LONDON shares rallied after a lower start but eased back towards the close on a mixed Wall Street trend, an uncertain UK gilts sector and a bearish opinion poil. The FT-SE 100 index finished 4.2 lower at 1,828.6 and the FT Ordinary was down 5.4 al stocks is not reliable. at 1,458.5 Gilts ended little changed.

TOKYO: profit-taking pressure triggered by investor concern over high which trades often take place on the Nikkei suspense down, taking the Nikkei suspense down, taking the Nikkei suspense down the suspense d the Nikkei average down 115.76 to 19,956.33. Page 36

WALL STREET: The Dow Jones industrial average closed down 10.97 at 2,168.45. Page 36

GOLD fell \$5.75 to \$401.25 on the London bullion market. In Zurich it rose to \$401.95 (\$400.25). In New York the April Comex settlement was \$407.20. Page 28

DOLLAR closed in New York at DM 1.7990; SFr 1.5190; FFr 6.0050; Y152.40. It fell in London to DM 1.7975 (DM 1.8075); FFr 6.0025 (FFr 6.0275); SFr 1.5175 (SFr 1.5250), and to Y152.4 (Y152.55). On Bank of England figures the dollar's exchange rate index fell to 103.0 from 103.8.

STERLING closed in New York at \$1.5285. It rose in London to \$1.5280 (\$1.5240) and Y232.75 (Y232.50). It fell to DM 2.7475 (DM 2.7550); FFR 9.1725 (Fr 9.1850), and SFr 2.3175 (SFr 2.3250). The pound's exchange

rate index fell 0.1 to 58.3. Page 29 DIAMOND Shamrock, US energy group, lost \$42.2m in its fourth quarter compared with a profit of \$47.8m a year earlier. Full year loss was S115.6m against a loss in 1985 of

ELECTROLUX, of Sweden, world's leading household appliances group, reported flat profits for 1986 despite a 37 per cent increase in turnover and blamed the lower dollar, tougher competition and higher restructuring costs. Page 17

MISSION Insurance, struggling California insurance company controlled by Carl Lindner's American Financial, is likely to be liquidated in the next few weeks following a court request filed on Monday by the California State Insurance

Commissioner. Page 17 FRANCE'S post office returned to profit last year for the first time in had never offered any financial or restricted except at much higher 20 years. Page 17

Thatcher denies involvement in raid on BBC

THE British Government yesterday on intelligence and other secret ac-Commons debate on the Zircon spy satellite affair. Ministers noisily defended the police's use of a wide-ranging search warrant in its un-by 351-200 and ministers appeared Scottish headquarters.

Mrs Margaret Thatcher, the Prime Minister, denied she had ordered the seizure of sensitive material from the BBC, saying it was a matter for police and the courts.

This was clearly a criminal case under the Official Secrets Act," Mrs

clashed angrily with the opposition tivity in Britain. The day the Gov-during an emergency House of ernment could direct the police, on that day the rule of law would die, and freedom with it."

precedented weekend raid on the confident the result would vindicate British Broadcasting Corporation's official actions. There were ruamong Conservative MPs that the search had identified a possible source of the leak of the intelligence and communications materi-

Mr Douglas Hurd, the Home Sec-

Mrs Thatcher's Government was

mours at Westminster last night al There was no official confirma-

Thatcher said of the seizure of ma-retary, defended the seizure of ma-terial for a six-part television series retary, defended the seizure of ma-terial relating not only to the Zircon leader of the Labour Party, the po-

attacked in Parliament over the BBC raid. Mr Gerald Kaufman, Labour home affairs spokesman.

programme but also to the five other programmes in the Secret Society series. He said the material for the series was so interwoven that it was not possible to disentangle one kind of material from another.

However, the police would return material not relating to possible breaches of the Official Secrets Act.

whole train of events has home the personal hallmark of the Prime Minister - bungling inefficiency coupled with arrogant au-thoritarianism." Page 6

lice operation against the BBC was designed to save the Prime Minister's face rather than safeguard national security. The Prime Minister angrily denied any involvement and once again played the patriotic card by claiming that Mr Kinnock and

his party were adopting their usual tactics of attacking the police. All this sound and fury was in

marked contrast with the way the

Key US

indicators

Governments chief law officer, had conducted himself.

Labour's Kevin McNamara described how the Attorney General had lunched at the Garrick Club, a bastion of the British establishment, with none other than Duncan Campbell, the investigative journalist who wrote the script of the television programme on the spy satellite and published an account of it in the left-wing New Statesman

Mr Robin Cook, Labour's trade spokesman who has taken a leading role in attacks on the Govern-

courtly and soft-spoken Attorney ment over this affair, later quoted General. Sir Michael Havers, the an excerpt from the Attorney General's letter in which he told Campbell: "Looking forward to seeing you on Thursday, Yours Ever, Michael." Quoting learned passages from Erskine May, the venerable guide to British parliamentary procedure, he demanded that the correspon-

dence should be published in full. Mr Gerald Kaufman, opposition spokesman on Home Affairs, was unleashed in the emergency debate. Performing a bloodthirsty hatchet hallmark of the Prime Minister on the whole affair - "bungling inefficiency coupled with arrogant au-

London bids to become leading international share trading centre

BY ALEXANDER NICOLL IN LONDON

will shortly unveil ambitious plans to become the world's leading centre for the fast-growing market in

internationally traded shares.
It aims to develop a new trading system on which as many as 200 market making firms all over the world will eventually be able to display prices for perhaps 1,500 non-UK equities.

London is already an important participant in the cross-border market in shares. Its turnover in continental European shares has increased dramatically amid the new competitive environment which has prevailed since the Big Bang deregulation of financial markets which took place on October 27 - 100 days

ago.
The aim, however, is to draw even greater business to London by providing an efficient trading system and a liquid market. International equity trading is currently dogged by inefficient processing of trades, and its liquidity in individu-The plans will attempt to bring a

degree of order to what is now essentially an unregulated market, in trade reporting which will apply in

STANDARD CHARTERED, the

to four of its key supporters who

bought its shares when it was try-

Lending to one particular sup-

porter, Tan Sri Khoo, the Malay-sian financier, through his National Bank of Brunei, was increased sub-

stantially as part of an orchestrated

emerged yesterday.

the Guinness affair.

Services Act takes full effect. The plans underline the new influence wielded by foreign securi-ties houses within the London exchange, which was renamed the International Stock Exchange on its tional markets.

Representatives of foreign houses have since occupied senior positions within the exchange. They are keen to develop a liquid market in non-UK shares as part of their own drive to expand their international operations, which have hitherto concentrated on bonds and loans, into the equity markets.

representatives on an equal footing

- has given a broad brief to a Forin the exchange's technological eign Equity Market Committee, staff who have been severely criti-headed by Mr Alan Nash, of the cised since the troubles which ham-London arm of Paine Webber, the US broking firm.

house, the accountancy and consuldealt. The new system will be de-tancy firm, to review the technologsigned to meet requirements for ical options open to the exchange.

supported its defence against

Chartered during the bid with loans

outstanding from the bank of over £100m each were Tan Sri Khoo; Mr

erty Life, the South African insur-

ance company; and Mr Robert Holmes à Court whose loans from

Standard Chartered have already

The late intervention of the four

been disclosed.

London bank lent to

buyers of its shares

London-based bank, made large Lloyds. loans, of over £100m (\$152m) each, The four supporters of Standard

ing to defend a takeover bid from £100m each were Tan Sri Khoo; Mr Lloyds Bank last summer, it Tiny Rowland's Lonhro Group; Lib-

share support operation designed to parties, together with that of Sir ward off the bid. Standard Chartue-Kong Pao, the Hong Kong shiptered's shares fell 17p yesterday to 755p on fears that it could be sub-block the Lloyds bid. Tan Sri Khoo,

jected to a Government investiga-tion. Standard Chartered, drew down a

the bank's directors were given a about 225m during the bid as he ac-

warning during the £1.3bn bid by cumulated his stake. The loan was

its chief financial officer, Mr Stuart made to the National Bank of Bru-

Tarrant, that some of the lending nei, which was under his control,

could be in breach of the Compa- and is now the subject of an investi-

Companies Act prohibits a company further loan worth about C10m.

Standard Chartered executive Mr David Miller said last night that the

except in limited circumstances, a loans were made to the National

provision whose breach during an- Bank at the normal interbank rate

other takeover battle last year, for of interest. However, because of the

Distillers, has been at the centre of National Bank's rapid growth and

the Guinness affair. precarious positions, its borrowing
The bank said yesterday that it facilities at the time were severely

It also emerged yesterday that Brunei dollar loan facility worth

THE Stock Exchange in London London when Britain's Financial mendations were outlined to the full council on Monday.

In the near term, the exchange plans an expansion of its Stock Exchange Automated Quotation (Seaq) International system on which prices are displayed by 40 merger late last year with Isro, a market makers for a total of 560 grouping of firms active in interna-non-UK stocks. Or the latter total. prices for only 160 are "firm" prices at which they are committed to deal.

The upgrading of Seaq Interna-tional will permit a total of 58 market makers on the system by June, quoting firm prices on 200 stocks by mid-year and 250 by the end of 1987.

In the longer run, the exchange's plans are far more wide-ranging. It will replace Seag International with Reflecting this thrust, the Stock Exchange council – which now includes domestic and international er then outside contractors. This er than outside contractors. This

pered Big Bang.
The most controversial aspect of Charged with establishing Lon- the system will be the ability of don as the world's foremost market market makers outside London to for international equities and equi- contribute prices. This is likely to ty-related instruments, the commit- be unpopular with continental stock commissioned Price Water- exchanges which already resent Continued on Page .

Busy start for Third Market, Page 8; Quiet revolution, Page 14

Fermenta in talks on new crisis

By Kevin Done, Nordic Correspondent, in Stockholm

FERMENTA, the deeply troubled Swedish chemicals and antibiotics group, was last night locked in negotiations with its main shareholders and creditors in an attempt to stave off further financial difficult-

Trading in the company's shares on the unofficial market - it was struck off the Stockholm stock exchange last month – was suspended pending an expected announce ment from the group later today.

Fermenta's financial position has become acute following the breakdown of the planned sale of its US agrochemicals operations to Monsanto, the US chemicals group, which was supposed to supply new liquidity to pay off the group's most pressing debts.

nies Act. Mr Tarrant's advice was gation by the Brunei finance minis-not acted upon and he resigned his try. Shortly after the bid failed in position, shortly afterwards. The mid-July, Tan Sri Khoo was given a Fermenta is seeking to reschedule some SKr 1bn to SKr 1.5bn (\$155m to \$232m) of short-term debt. However, it appeared yester day that the group's leading Swedish creditors were unwilling to assist unless Fermenta's main shareholders were first prepared to pump in new equity capital to relieve the group's strained balance sheet. Mr Bertil Danielsson, chief executive of PKbanken, said yester

Continued on Page 16

increase sharply THE leading US economic indica

tors - a key pointer to the strength of the economy - rose sharply in December, showing a 2.1 per cent rise, the largest monthly increase for four years, according to Commerce Department figures released Mr Malcolm Baldrige, the Com-

merce Secretary, welcomed the December gain which he said, "should ease fears of a slowdown in eco nomic growth." Mr Baldrige added that increase in the index over the last six months showed that "the economy is on track towards this year's goal of 3.2 per cent growth."

The December rise in the leading indicators is the fourth consecutive monthly gain and follows a good 0.9 per cent increase in November, although this was revised down yesterday from an original report of a

1.2 per cent rise. On Monday, Mr Paul Volcker, the Federal Reserve Board chairman, told Congress that the US should be prepared to accept slower growth and a temporary rise in the unemployment rate as part of efforts to cut the federal budget deficit. He in-dicated that he expected the rate of inflation to pick up this year after dipping to a 20 year low in 1986.

The Commerce Department said that eight out of 12 of the indicators in December posted gains, a sign that the surge was broadly based. Among the highest contributors were building permits, factory orders, manufacturers' orders for new consumer goods, money supply, stock prices and credit as consumers made their final purchases before the new tax reform law took effect from January 1.

The Reagan Administration has forecast that gross national product Continued on Page 16 | the Republican Party for deserting other officials continues.

White House hit by another resignation

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

personnel are widely expected. Perle, Assistant Defence Secretary, side the White House. was considering quitting to write a

ments whose views have contrib-this would help the Administration uted to the impasse on arms control put the Iran affair behind it. issues between the two countries.

The White House on Monday distanced the Administration from criticisms Mr Perle had levelled at the White House said "he was speaking leaders "mealy-mouthed" because of their reluctance to speak out on, for example, alleged Soviet violations of arms control agreements.

With only two years remaining be expected. But the sense of drift highly paid job at the Wall Street which has gripped the White House in recent months, in part as a result firm Mr Regan headed before join of the Iran arms deal scandal, may ing the Reagan Administration as well be a factor encouraging offi- Treasury Secretary in 1981. cials to start looking for other opportunities earlier than might Office of Management and Budget

MR PATRICK BUCHANAN, the the President as the Iran scandal arch-conservative broke and recently ruled out run-White House communications dining for presidency himself so as to rector, yesterday became the latest avoid the risk of dividing conservain a succession of White House offitive Republicans, said yesterday cials to resign in recent months. that he felt he could "better influ-Further departures of other key ence the issues and politics of 1988 and the direction of the conserva-There has been speculation for tive movement by speaking and several months that Mr Richard writing from a vantage point out-

Among other recent resignations, novel, but the Pentagon yesterday Mr Mitchell Daniels, the White officially denied that he had told Mr House political director, announced Caspar Weinberger, the Defence last weekend that he was resigning. Secretary, that he intended to re- Mr Daniels failed late last year in an attempt to persuade Mr Donald Mr Perle is an influential critic of Regan, the White House Chief of past US-Soviet arms control agree- Staff, to quit on the grounds that

The White House announced on Monday that Mr William Casey, the 73-year-old director of the Central Intelligence Agency (CIA), who late country's European allies. The last year underwent a brain operation, had resigned and was being refor himself ... not for the Presi-dent when he had called European ly regarded 43-year-old career offi-

cer at the CIA. The announcement of Mr Casev's resignation was made by Mr Marlin Fitzwater, who took over that day from Mr Larry Speakes as White before President Reagan's term of House spokesman. Speculation that office ends, resignations by officials Mr Speakes would be leaving began seeking to capitalise on their expelast year, well before the Iran arms rience in the Administration are to scandal broke. He is taking up a

Mr James Miller, director of the otherwise have been the case. is expected to quit in the spring, Mr Buchanan, who rounded on and speculation about the future of

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France faces another clash over education

BY DAYID HOUSEGO IN PARIS

another educational conflict yesterday with teachers' unions calling for nationwide demoz- down in negotiations over this appears to have taken a calcustrations today in protest at year's pay award for public lated risk that public opinion legislation reinforcing the powers of headteachers in primary schools.

Opposition to the measure would not back down by publishing the text of the decree in the "Official Journal." This gives it the effect of law. Teachers have been demanding the withdrawal of text—as students did over university legislation last December—and back-

US wants

hostages on

G7 agenda

Lebanon and hostages at the

issue placed on the Venice

a meeting of Treasury officials from the seven summit nations.

Italian and Canadian repre-sentatives will press their case

for allowing their ministers to

attend any session of the Group of Five finance ministers to

discuss moves to stabilise the currency markets.

Portugal

draws less

investment

FOREIGN INVESTMENT in Portugal fell yast year, al-though a number of new small-

scale investments improved thanks to an easing of red-tape. The authorities had expected

investment to grow in what was

the country's first year of European Community membership.

The Foreign Investment Insti-tute reports a 42 per cent decline in new direct foregin investment in 1986 which i

blames on the lack of large pro-

jects that were an important factor the previous year.
In 1985, a handful of major investments, mostly British from Wiggins Teape, Rio Tinto Zinc and Barclays Bank, but less from US.

projects representing only Es 3.2bn compared with Es 21bn

The British presence remained

strong in tourism in the Algarve EEC and Efta countries, with

an energetic Spanish presence

up from 2 per cent of new foreign investment in 1984 to 11 per cent last year, had the

lion's share of new investment —87 per cent compared with 71 per cent the year before and 51 per cent in 1984.

Two factors contribute to Spain's stronger attraction for

new international investmentits larger population (more than three times that of Portu-

gal) and stronger buying power,

and simpler bureaucracy. However, investors who brave

Still daunting red tape, often

find rapid return on investment

and a conscientious workforce

eager to learn new methods. • Portugal is submitting Es 114bn (£532m) worth of

regional development projects to the EEC this year. The Government hopes the Com-

munity will pay roughly half this sum from the regional development fund. The re-

mainder will come from

national resources.

By Diana Smith in Lisbon

next meeting in Rome month of foreign ministry officials from the Group of

The worsening of the conflict coincided with a further breakemployees. The unions are in- will prove hostile to further dissisting on a safeguard clause ruption in the schools. The allowing increases beyond the largely pro-Socialist unions basic flat increase of 1.7 per cent if inflation climbs higher. likely to come under pressure

FRANCE SEEMED headed for symbolic stoppages in schools, in the latter part of the year, schools is like any other that Mr Monory has been try-In standing firm against the teacher but with some addi- ing subtly to undermine their tional tasks. teachers, the administration

mend - teachers into "petty unions have too much control tyrants" — though Mr Rene Monory, the Eduation Minister, assured them yesterday that there was still no question of from the Socialist party itself the principal assessing the not to take their action too far. quality of their teaching. The The new legislation gives teachers head-teachers substantially in measure teachers also believe that the made during the students strike measure diminishes their of trying to impose its will power to strike — though the without full consultation. The text has been modified on this

point.

ional tasks.

The primary school teachers long made clear that it believes fear that the law could turn the mainly Socialist teachers

supported the teachers by saying that the Government was repeating the mistake it had smaller association backs the oint. Government, believing that pri-Adding further to the strains mary school head-teachers need the withdrawal of text—as students did over university legislation last December—and backing up their action with months, disinflation will resume of France's 50,000 primary

to undertake additional training point.

Adding further to the strains mary school head-teachers need between teachers and the Govmore authority to run their ernment is the union's belief schools efficiently.

John Wyles reports on the anxious mood at an international gathering

Davos forum looks to US for lead

a hell of a lot longer," said one Reagan Administration refuses half the highest deficit in had tra increase—the one contemplating the present international woes of currency instability, trade frictions and Third World debt.

Unfortunately, the crystal clear light which kiluminates Davos at this time of the year value added to the contemplation of the highest deficit in the highest deficit in the highest deficit in the highest deficit in the history."

Mr Franz J. Lutolf's judgment that "there are not enough reasons to halt the fall around," seemed to be allowed to the contemplation of the year value added to the history."

Mr Franz J. Lutolf's judgment that "there are not enough reasons to halt the fall around," seemed to be also the history."

Mr Franz J. Lutolf's judgment that "there are not enough reasons to halt the fall around." seemed to be also that the introduction of the year value added to the contemplation of the professor Rudiger Dornbusch of the deficit?

Third World debt.

Unfortunately, the crystal clear light which kiluminates of the world the half the highest deficit in the history."

Mr Franz J. Lutolf's judgment the professor Rudiger Dornbusch of the contemplation of the contemplation of the professor Rudiger Dornbusch of the many clear the professor Rudiger Dornbusch of the half the history."

Mr Franz J. Lutolf's judgment the professor Rudiger Dornbusch of the half the history.

Mr Franz J. Lutolf's judgment the professor Rudiger Dornbusch of the half the half THE REAGAN Administration has given notice that hostage taking and the general state of Lebanon may have to be discussed at the June summit in Venice of the world's seven largest industrialised nations.

The US initiative came during a meeting in Washington on Monday between Mr George Shultz, the Secretary of State, and Mr Giulio Andreotti, the Italian Foreign Minister. profiled only the murkiest outlines of solutions, despite the best efforts of an international gathering of politicians, public officials and businessmen at the Since Italy is the summit host and chairman, Mr Shultz re-quested an initial discussion on annual World Economic Forum which closes today.

which closes today.

For many of them, the missing ingredient seems to be US leadership. Among the Europeans, the invitation is palpable at the Reagan Administration's Seven engaged on follow-up work from last year's Tokyo summit. This is almost cer-tainly a prejude to having the refusal to take a firmer grip on the US Federal deficit, source of so many global economic prob-

The sharp downward shove to the dellar afforded last month by the Administration's "We shall examine the possibility of doing something to help the hostages," Mr Andreotti reportedly said afterwards. He added that after his talks semi-public acceptance that the currency must fall further, has currency must fall further, has made matters worse. "We are going to suffer a classic squeeze, because as the yen rises against the dollar the Japanese will divert more and more exports to Europe," said one sensor Italian official, explaining why any West German attempt to go for faster growth might deliver more for Japan than it will for the US.

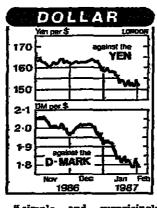
1986 1987 of the sharpest intelligences currently dissecting US economic policy and he is Progressive to Europe," said he says, the US is seen by its one sensor Italian official, partners "more nearly like a charpest intelligences currently dissecting US economic policy and he is Progressive to be the chairman of the President's Council of Economic Advisers in the Democrats take the White House in 1988.

If the exchange rate has to take all the strain in correcting the US trade deficit, Prof Thurow the US Office of Management predicted that the dollar world with Mr Shultz he did not have the impression that the US was seeking "a military solution" to the hostage problem. This has become a growing anxiety in Italy where a US naval build-up in the eastern Mediterranean and also in the Gulf are being watched closely. Earlier, Mr Andreotti had a

brief encounter with President Reagan at which it was firmly agreed that he would make an official visit to Italy on June 4 - four days before the summit Mr Andreotti said that in both discussions he had pointed to the dangers to Atlantic relationships posed by trade and economic policy disagreements. The weakness of the dollar was not raised, but it is thought

"WE ALL need about five But how to find the basis for \$108bn target for 1988, in just warned Professor Thurow. In minutes to agree on the probsuch an agreement when the two years we will have cut in five years, Mr Reagan's policies lem, but the solutions are taking Reagan Administration refuses half the highest deficit in had transformed to be used. But how to find the basis for \$108bn target for 1988, in just warned Professor Thurow. In

in the US but not now under active consideration, would be



had some really worrying news for Mr Reagan.

"People are beginning to ask questions as to whether they should go on funding the Federal deficit. Confidence in the US economy is not cracking yet but the Japanese are asking questions and the Germans and the French will follow." Mr Entolf told a lunchtime gathering of journalists.

In the meantime, the world was digging into a managed end cartelised trading system, for which the US-Japanese semi-conductor agreement will be the model. The US trade adjustment will be marked by the closure of industries in Japan and West Germany and the birth of the new ones in the US, said Prof Thurow. ing of journalists.

set the anxious and occasionally despondent mood of the week-long forum. His slightly angelic countenance belies one of the sharpest intelligences

rrunk elephant rather than a lf the exchange rate eader with a clear sense of has to take all the strain in correcting the US and Mr James Miller, head of trade deficit, Prof Thurow he US Office of Management predicted that the dollar would not Budget was the very sent the US.

A high level group which met and Budget, was the very soul have to fall below Yen 100 and for 10 hours on Sunday under of orthdoxy. The Gramm, DM 1.1. The result would be the chairmanship of Mr Raymond Barre, the former alms to achieve a balanced and the transfer to the US of Drawn and Draw

If the deficit was corrected at the rate of \$20bn a year, the in the dollar or to turn it trade account would not be around," seemed to be balanced until the year 2000, generally shared by business. But the costs of servicing men and politicians alike. But interest on the accumulated the general manager of the debt means that the US will Swiss Bank Corporation also need to be running a surplus of \$96bn a year.
In the meantime, the world

ing worked on.

US, said Prof Thurow. Later that day, a senior Professor Lester C. Thurow, Japanese official was calmly pre-Professor of Management and Economics at MIT, did much to vears his country's auto indusyears his country's auto indus-try would follow steel, shipbuilding and textiles into restructuring and a much reduced share of world markets. How-That forum, Mr Vorentsov ever, he was much more hesi-tant about the possibility of port-led economy to one driven by internal demand

internal demand Prof Thurow acknowledged that his were at best informed guesses and that there was much the economists do not know about the timing and im-pact of ironing out the trade imbalances. He had no doubt, however, that they will be ironed out.

The potentially hazardous political consequences of the French prime minister, budget by 1990, was having the 4m manufacturing jobs — one process are the least predict-apparently concluded that a desired effects, he said. Last third from Japan, one third able. The Australian Prime meeting of finance ministers year's \$221bn deficit would from Europe and Canada and Minister curdled some blood from the Group of Five indus-drop to less than \$175bn this one third from the rest of the with his warning of a Western trial nations could only help to year. chart a way out of currency
instability if they could agree conviction crept into his reon compatible economic marks when he added "and if which the normal economic price to pay for inadequate polimeasures.

world.

The world economy was fallif trade frictions worsen and
if they could agree conviction crept into his reing into a "black hole" in multiply. It would be a high
which the normal economic price to pay for inadequate polilaws will cease to operate, tical leadership.

Government steps into Palme murder hunt

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

to seek to break the embarrassing standstill in the investigation of the assassination of Mr
Olof Palme, the former Prime

Government, as the police and the Public Prosecutor who is
the Public Prosecutor have ultimately in charge of the inMinistra

The murder bunt has ground to a halt, as the investigation has disintegrated into open conflict between the leadership of the Stockholm police force and the Public Prosecutor's office over which lines of inquiry to pursue.

leaders of the opposition parties Mr Ingvar Carlsson, the Prime

native lines of inquiry they wish to follow. The police, led by Mr Hans Holmer, the Stockholm Police Commissioner who effectively

ranks as number two in the Swedish police hierarchy, have stubbornly sought to link the marder to a group connected with the PKK, a Kurdish terrorist group active in Sweden ist group active in Sweden.
Two weeks ago the police staged a dramatic swoop on the Kurdish community and other Following a meeting with

The hunt for the murderer believes this line of inquiry has future direction.

on for so long, and where we of Mr Palme, who was shot been exhausted, and has called. The Prosecutor's Office has think there are grounds for dead in the centre of Stockholm instead for police resources to sought to scale down the murder suspicions."

THE SWEDISH Government nearly a year ago, has be devoted to following up hunt—it currently involves yesterday intervened directly developed into an acute politi- other leads.

close to 150 police officers—by other leads.
Under Swedish practice it is

> Yesterday, however. appeared that the police had the inquiry will be pursued."

Mr Holmer has staked and personal prestige on the PKK theory, and has refused to give spokesman, said on Monday that the chaotic detailed by the deadlock between the police proble prosecutors had

close to 150 police officers-by removing direct control from Mr Holmer, whose place would be taken by experienced murder it squad detectives,

_ The Stockholm Police Com won the Government's backing to continue the pursuit of the PKK when Mr Carlsson declared: "We take it that all leads held to be realistic and reasonable by those involved in the investigation attorning the involved in the investigation attorning to the investigation attorning to the investigation."

The Stockholm Police Commissioner assumed personal impositional or control of the investigation attorning to the investigation. led by the Stockholm murder

Mr Ingrar Carlsson, the Prime Minister, yesterday called in Mr Holger Romander, the groups and detained about 20 velopments of recent weeks. The and the public prosecutors had national Public Prosecutor, and gave them 24 hours to agree on a new organisation, which can re-start the investigation.

The Public Prosecutor's office, can re-start the investigation.

The Public Prosecutor in Stockholm, believes this line of inquiry has future direction.

Staged a dramanc swoop on the kurdish community and other way, despite the "haotic developments of recent weeks. The and the public prosecutors had actual investigation of the created an "unreal" situation. Investigation of the created an "unreal" situation.

The Public Prosecutor's office, Public Prosecutor's office have the police cannot continue to pursue the line we have worked on for so long, and where we shink there are grounds for

Swedish unions waive right to wage talks

BY OUR NORDIC CORRESPONDENT IN STOCKHOLM

Zine and Barclays Bank, but also from US, Franch and Belgian banks licensed to open branches in Portugal, added \$150m to (£100m) to the stock of foreign investment. Last year, however, new direct foreign investment totalled Es 24.5bm (£114m)—with large projects representing only SWEDISH tade unions in the private sector yesterday waived their right to renegotiate the current two-year national wage deals for 1986-87, providing a significant boost for the country's minority Social Democratic Government in its attempts to contain rising inflation.

Wage agreements.

Inflation in Sweden rose by leaders said yesterday that the Government's action on Friday to last December), the lowest increase for 18 years, but still demanding a renegotiation. It is still unclear how the price clause in the wage settlements, which had been set at attempts to contain rising inflation.

LO and PTE, the union confederations for the blue collar

Last Friday, the Government

SWEDISH toade unions in the wage agreements.

Sweden rose by leaders said yesterday that the Government's action on Friday than the from

announced a general price recent days to persuade the and white collar workers in the share prices rose sharply freeze until further notice in a Swedish employers federation private sector, said vesterday on the Stockholm stock market unions to hold to the existing clause to guarantee real wage the price freeze should be "pro- in the index.

increases for 1987. Union longed, effective and very restrictive."

Their decision was greeted

with relief in Swedish financial markets. Helped by positive figures on a currency inflow to Sweden in recent days, interest 3.2 per cent.

LO and PTK, the union con-although the central bank
The unions have failed in federations for the blue collar intervened to break the fall—

Moscow condemns latest N-test

By Our Foreign Staff THE SOVIET UNION reacted sharply to yesterday's US nuclear test explosion, condemning it as a challenge to world opinion, but did not indicate how it would act in

an underground site in Nevada, came as US and Soviet negotiators resumed arms control talks in Geneva. Moscow warned last December that it would end its unilateral ban on nuclear test-ing after the first US test

The US test, carried out at

explosion this year. Yesterday, shead of the US test blast, Mr Yuli Voront-sov, the Soviet First Deputy Foreign Minister, reiterated Moscow's position. "The button that triggers our nuclear test ranges is on the desk in the White House," he told journalists in Geneva

of the arms control negotiations. He said that US and Soviet negotiators had started to draft rough guidelines of a nuclear disarmament treaty. "For the first time we are working with paper and pen-

shortly before the resumption

cil on drafts. Drafting covered all three categories under negotiation
—strategic missiles, intermediate nuclear forces and space weapons—Mr Vorontsov said. In addition, a revision of the 1972 Anti-Ballistic Missile (ABM) treaty was be-

Mr Vorontsov, appointed to upgrade the Soviet team at the resumption of the Geneva talks last month, was speaking just after he had addressed the 40-nation UN conference on disarmament which opened its 1987 session yesterday.

said, should be able to com-plete the formulation of an international treaty banning chemical weapons this year. One outstanding issue left to be settled concerned verification, said Mr Yuri Nazarkin, the chief Soviet negotiator. On that issue the Soviet Union was willing to compromise along the lines of a British proposal modifying the principle of challenge inspection.
US officials, without confirming that rough drafts of a nuclear disarmament treaty were being worked on, said progress was being made in putting on to paper "the areas of agreement and disagree-

The more downbeat US attitude was also reflected in comments and warnings which the Seviet minister The US delegation was block-ing movement on key issues, giving the impression that if hands were tied by Washington, Mr Vorontsov said. President Ronald Reagan's Strategie Defence Initiative (SDI) was the sticking point for Moscow, he reaffirmed. Settlements reducing stra-tegic missiles by 50 per cent or eliminating medium-range nuclear weapons from Europe could not be implemented before the SDI had been stopped. "Vigorous" discussions was

"Vigorous" discussions was taking place in the arms talks over the ABM treaty, which the Reagan administration interprets as allowing it to test new space-based defence systems, Mr Vorontsov said.

France spends FFr 10.8bn to prop currency By George Graham in Paris

FRANCE spent FFr 16.8bu (£1.1bn) of official foreign

(£1.lbn) of official foreign exchange reserves in support of its currency during December, according to finance ministry statistics published yesterday.

The period included a weak spell for the French franc during the student riots at the start of the month, as well as the month, as well as the beginning of the slide which forced a realignment of the European Monetary System in January. Even heavier spending took place in January in support of the

franc.

The half-yearly revaluation of the official reserves of gold and foreign exchange led to an increase in their value, however, to a total of FFr 421bn.

Brussels plan to end mobile telephone chaos

to ask EEC governments to and indicate tariffs. tion of mobile telephones in using the market.

The confusion created by widely varying prices and frequencies that are incompa-

same 900 megahertz waveband when they replace the radio cellular telephones within the next decade. This is the latest in a series

a Community mobile telephone system by Mrs Margaret Thatcher, the British Prime Minister, at last December's European summit.

The new frequencies should be available after 1991 and digital mobile telephones should be the norm for the EEC's main cities by 1993, followed by the main inter-city links two years later, according to yesterday's proposal.
Digital mobile telephones

will be able to carry data as achieve a free internal market well as voice communications, by 1992.

THE EUROPEAN Commission thereby enabling receivers to announced yesterday that it is take messages, identify callers reserve specific radio sent voice-only mobile tele-frequencies for the new genera- phones run on five systems three an attempt to end the chaos in frequencies throughout the

sele:

The result is that car telephone users can find conversations abruptly cut off when they trequencies that are incompatible between EEC countries could be ended by 1991 if the 12 Community governments accept the Commission's proposed directive.

It suggests that the next generation of digital mobile telephones should share the same 900 megahertz waveband tons abruptly cut off when they cross frontiers, while prices frontiers, wh

Commission estimates that present radio telephone networks will be saturated soon after the turn of the decade when the world mobile tele-phone market will be worth an This is the latest in a series of moves by the Commission to define EEC-wide standards for new technology products and follows a special plea for and follows a special plea for around 2.5m by 1995, says the Commission.
Not surprisingly, Denmark is

now the biggest mobile tele-phone market in the EEC, with 30,600 subscribers, but is expected to be overtaken by the UK with 650,000 in 1995 according to Commission estimates.

Yesterday's directive is expected to be debated by industry ministers by the early summer, ready for adoption by the end of the year. It forms part of the EEC's drive to achieve a free internal market

UK presses French to ease air transport curbs

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ing air transport further be- discussions tween the UK and France will countries. be resumed today in Paris when Mr Michael Spicer, Britain's Aviation Minister, meets Mr Jacques Douffagues, the French Transport Minister. Mr Spicer said in London yesterday that he was seeking improved access to the French market for US airlines and, where possible, cheaper fares for the benefit of both sides.

"We sense that in recent months there has been a changing mood in France, in favour of increased competition in air transport," he said, "and we would like to ensure that this is developed to the benefit of the airline industries of both countries."

The British view is that while enormous discussions on a multilateral last continue through the aegis of the EEC Council of Ministers in Brussels, the UK used the continue through the seek additional rights for its aegis of the EEC Council of Ministers in Brussels, the UK opening of the London Stolport opening of the London Stolport

DISCUSSIONS about liberalis- liberalisation through bilateral discussions with individual In France, Britain already has

achieved some progress, with an agreement on a 45/55 per cent sharing of capacity between the airlines of the two countries, but there has been little progress on fares.
"What we would like to see with France is a bilateral agree-

ment similar to that we already have with the Dutch, whereby airlines have freedom of access to the market and also freedom to apply such fares as they see fit," said Mr Spicer.
The route to Paris was already the busiest international

service in the world, with some 3m seats available, he said. But with the right kinds of fares, the scope for new business was

can continue to press for greater in Docklands later this year.

Britain and Italy discuss telecoms collaboration

British and Italian government the Fiat-owned data transmis-officials met in Rome yesterday sion subsidiary, and SGS, the telecommunications. Mr John Butcher, an Under-

Minister and Mr Celling Com-panies. Today, Mr Butcher will be in Milan to meet executives from Italtel, the state-owned switching company. Telettra, foreign partners.

to discuss the prospects for state semiconductor concern. Anglo-Italian collaboration in Several Mr Butcher is making to European countries, comes just as IRI-Stet, the state hold-Secretary at the Trade and Ining group, is finalising the terms dustry Ministry with responsion of the merger between Italtel bility for telecommunications and Telettra. Italtel, which has policy, met his counterpart Mr annual revenues of L1.300bn Antonion Gava, as well as Mr (£662m) and Telettra with Valerio Zanone, Italy's Industry L500bn are being combined to Minister and Mr Clelio Darida. create a larger entity able to compete more

The Italians are also keen to open negotiations with potential

Poland reports 5% boost in national income BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S official statistical planned imports meant that the

parable to gross national product, marks an improvement on the 3.6 per cent growth in 1985 tonnes, while grain purchases but is still 5 per cent down on its level in 1979.

Coal exports were 5.2 per cent down on 200 cent down o its level in 1979.

At the end of 1986, the hard currency debt stood at \$33.5bn (£23.9bn) while higher than grew by 20.3 per cent.

per cent. Total commercial bank

office has reported a 5 per cent hard currency trade surplus at increase in national income last \$1.08bn fell short of expectayear, with a record harvest, and industrial production up by 4.4 at \$5.4bn, grew by 6.9 per cent, the same rate as in 1985.

The figure, which is compared with 1985, while exports, at \$6.5bn, grew by 6.1 per cent.

Parable to gross national product marks an improvement or conduct marks and industrial production up by 4.4 at \$5.4bn, grew by 6.9 per cent.

FINANCIAL TIMES

Spain awaits US reply on bases Greek money supply target set

SPANISH OFFICIALS were yesterday awaiting a formal US counter-proposal to their demands for reductions in US forces in Spain, in the hope of breaking a sevenmonth-old deadlock. The fourth round of tails to de-cide the future of jointlyused Spanish bases adjourned for separate consultations in preparation for further dis-

The Spanish demand

is understood to be seeking the removal of US refuelling aircraft from the other main

ment's plans.

The US has opposed substantial changes and has insisted that Spanish forces must be able to fulfil any tasks relinquished by its own

BY ANDRIANA JERODIACONOU IN ATHENS

THE GREEK Economy Ministry product.

has set targets of a 15.4 per cent increase in M3, the broad monetary and credit programme sector monetary aggregate, and 13.2 per cent overall domestic credit expansion in the public and private sector this year.

A key feature of the 1987 credit monetary and credit programme sector is a plan to meet part of the crease financing needs of Greece's way ward public sector through the private sector this year. The ministry says the targets are compatible with the Gov-

ernment's economic stabilisation public sector has been targeted programme, which is seeking at 13.6 per cent or \$793bn to reduce inflation to 10 per (£3.9bn), only 10.1 per cent will

Last year, credit expansion to the public sector reached 20.5 per cent, against a target

The authorities have set a

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London-Printer: Frankfurther-Societies Druckerel-GmbH, Frankfurth/Main. Responsible editor: R.A. Europe, Responsible editor: R.A. Earper. Frankfurt/Main. Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1986. FINANCIAL TIMES, USPS No. 190640, published daily except Sur-days and holidays. U.S. subscription days and holdays. U.S. subscription rates \$365.00 per annum. Second class postage paid at New York. N.Y. and at additional maling of-fices. POSTMASTER; send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y.

cussions today. The Socialist Government which promised a reduced US presence in order to gain voters' support for remaining in Nato, has threatened

to denounce its bilateral agreement with the US unless a deal is reached by Novem-ber. The agreement comes up for renewal in May next

centres on the removal of a US tactical fighter wing from the Torrejon base outside Madrid which has been a prime target of anti-American protests. This comprises three squadrons of F-16 fighters. In addition, Madrid

joint air base at Saragossa. About 12,500 US military personnel are covered by the agreement. The other main facilities—the Rota naval base near Cadiz, which supports the US Sixth Fleet in the Mediterrane the Mediterranean, and a standby airbase at Moron, also in the south—would be little affected by the Govern-

programme, which is seeking to reduce inflation to 10 per cent this year from 16.9 per cent this year from 16.9 per cent in 1986, and to trim the net public sector borrowing requirement on a cash basis by 14 percentage points to about 160 per cent of gross domestic vate sector has been set at 11 \$1.5bn.

The authorities have set a foreign borrowing target of \$1.6bn for 1987. This assumes a current account deficit of \$1.25bn, autonomous capital inflows of \$1.15bn and a foreign debt amortization burden of \$1.5bn.

A key feature of the 1987 credits to the public and private monetary and credit programme sector are thus expected to in-is a plan to meet part of the crease by 11.2 per cent this

Defeat conceded by opposition in Philippines

OPPOSITION parties that cam- The new chapter will return the paigned against the ratification country to constitutional demoof a new constitution in Mon-day's referendum yesterday elections in May, and comes conceded defeat as an over-after 15 years in which former conceded defeat as an over- after 15 years in which former whelming "yes" vote emerged. President Ferdinand Marcos An 87 per cent "yes" vote ruled either under martial law An 87 per cent "yes" vote ruled either under martial was confirmed yesterday after or by presidential decree. nearly 45 per cent of the votes

had been counted. The overwhelming approval is also a vote of confidence in Mrs Aquino, because it confirms her six-year term as president. It will also boost the morale of the members of her 11-month government which came under attack from both left and right in the run-up to the referen-

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dum.
"It is incontrovertible proof that this Government has the overwhelming support of the people which we could only presume before the referendum, but now we can sight as a fact," Mr Jaime Ongpin, the Finance Minister said.

Minister said.

Minister said.

Mrs Aquino took power after flawed elections last February led to a military revolt and civilian uprising in Manila and has ruled since then by fiat under a temporary constitution.

Manila's demands on interest rate spreads.

A Central Bank study. revealed yesterday, showed that the government had "no legal basis" to revoke Citibank's under a temporary constitution.

Miners quit in S Africa

A FURTHER 2,200 Xhosa gold complex, normally miners have left the riot-hit employs about 21,000 black

miners have left the not-hit employs about 21,000 black President Steyn gold mine in Orange Free State. This followed 2,000 resignations last week and further tribal fighting at the weekend which lifted the death toll at the mine since the death toll at the mine since mid-December to 39.

The mine's management proof is the resignations. The mine's production figures byte of Freegold as a whole, but in 1885 President Steyn milled 1876 more than 1777 men have been 22,94 tons of ore and produced in 1885 president Steyn milled 1885

President Steyn, which forms ing has been completed, but has part of Anglo American's Free-still to be made public.

The mine's management 3.76m tons of ore a reports that 177 men have been 22.94 tons of gold.

Syria sends troops back into West Beirut

By Our Middle East Staff

SYRIA yesterday made cautious moves to reassert a measure of order in West Beirut as a general strike was called in protest against the recent wave of kidnappings of foreigners.

Students demonstrated in the Moslem sector of the city in anger over the seizure of four lecturers from the Beirut University College,

Syrian troops were seen in the central shopping district for the first time since last July when several hundred commandos were deployed in an attempt to drive militia-men off the streets. A promise made by Mr Rashid Karami, the Lebanese Prime Minister, that units of the Lebanese Army and police would mount paralle did not materialise. patrols did not materialise, however.

There have been 11 abductions of foreigners since Mr
Terry Waite, the Archbishop
of Canterbury's special envoy,
arrived in Beirut just over
three weeks ago on a mission
to free two US hostages held
by Islamic Jihad.
Vestarday he was reported

Yesterday he was reported to be still in West Belrut. An unnamed informant was quoted by Reuter's

quoted by Retuer's news agency as saying Mr Waite, who disappeared on January 21, was still in the Moslem sector of the city.

On Monday Mr Husseln Musavi, the radical Shie leader, denied reports that the Anglican emissary had Valley. Mr Waite has been nomi-

nated by a group of British MPs for the Nobel Peace

• Iraq retaliated with air raids yesterday after Baghdad had been hit by eight Iranian ground - to - ground missiles so far this year. The alreraft struck the cities of Isfahan, Shiraz and Tabriz, according to an Iraqi military

Robert Thomson and Colina MacDougall assess the impact of the purge of liberals Peking turmoil trickles down to factory floor

FOR the masses, as the Government calls ordinary Chinese, it was New Year as usual, with the clap of fireworks echoing around Peking and makeshift markets filled by elbowing and enthusiastic customers fossick-ing for trinkets and haggling over the price of a fish for a grand family meal.

Life goes on for the masses regardless of the political turmoil that has brought a purge of "bourgeois liberals," a rennaissance of conservative Communism, and changes in ideological and economic direction that have put the country's ambitious reform programme at

Yet the effects of the turmoil have begun to trickle down to the factory floor and the fields and have made investing in China a slightly more difficult proposition

proposition.
Only a few weeks ago, the Communist Party General Secretary, Hu Yaobang, chatted about "patriotism" with the visiting Japanese Prime Minister, Mr Yasuhiro Nakasone. Not long afterwards, a Chinese journalist, Liu Binyan, received a standing ovation at a writers' forum and an astroa writers' forum and an astro-physicist, Professor Fang Lizhi, told fellow scientists that the new China allows academics to criticise openly the Communist

Party.
Now Hu Yaobang is apparently
on retreat on Hainan Island, on the south coast, having been forced to resign and to write a humiliating self-criticism. Liu Binyan has lost his party membership for suggesting that the party's principles are "outdated," and Fang Lizhi has been put under virtual house arrest in Peking after losing his job

and his party card. Instead of encouraging reform and initiative, the Chinese press has taken the country back in time by embracing the spirit of the 1950s. "Thrift" and the 1950s. "Thrift" and alism" and the same people and his younger men wanted off for Hu as party cnief.

"struggle" are key words and have been regularly in the pubconservative officials have been lic eye since mid-December.

Emphasising the wonders of emphasising the wonders of central planning and "ideo
Bullet-headed Peng Zhen, a ably, the "enlarged Politbureau he leaves the post, Li Peng, Chinese find that the safest meeting" at which Hu Yaobang probably represent a common approach is not to guess at all.

seems to be behind the crackdown. Former party leader, Hu Yaobang (right) is on retreat. logical education." While thrift the moving spirit behind the has not been obvious in the crackdown. Now chairman of bustling free markets this week, the National People's Congress the country's leadership has had a change of personnel and a change of mood. Standing Committee, a key post, he was enayor of Peking in the 1960s until sacked in the

Bo Yibo (left) and Wan Zhen have been appearing with Peng Zhen (second from right) who

The message now coming through loud and clear is that the party with all its warts is near-infallible and socialism as practised hitherto in China has generated all the freedom, prosperity and progress anyone could wish for.

This is patently at odds with reality, but it reveals the depth of fear among some officials that party and ideology might become redundant.
This is the voice of the hard

left, the conservative Communists who have only partially been reconciled to the influx of foreign ideas and reject any diminution of party power, even to give the economy a

conservatives? They are cer-tainly not Maoists—in fact they mostly suffered for years dur-ing the Cultural Revolution. While not exactly a coherent group, some top veteran Communists seem to have united to oppose Hu and "bourgeois liberalism" and the same people and his younger men wanted off

was dismissed was attended by 17 members of the CAC, almost balancing the 20-strong Politbureau (two were absent for

bureau (two were absent for unexplained reasons).

Another regularly in the public eye has been Chen Pixian, 71, now on the powerful party secretariat and with a distinguished guerrila career before 1949. Hovering in the background has been Denk Liquin, also on the secretariat and Cultural Revolution. He was not rehabilitated until 1979. Peng's prominence in recent weeks has been striking and his former links with the Peking city hierarchy would have enabled him to use the Peking Daily, the demonstrating students' most virulent critics, as his mouthpiece. also on the secretariat and master-minder of the 1983 cam-

Other top elderly leaders appearing regularly beside Peng (who is an astonishing 85) have been Bo Yibo and Wang Zhen (both 79) and retired military man Song Rengiong, 83. While it is obviously absurd to think of these ways. These men may never be party chief or premier, but their power in corporate decisionmaking has been given authoritative witness by the sacking of Hu. A look down the lists of key bodies in China shows, as far as outsiders can of these men as engaged in a power struggle on their own judge, a fairly even split be-tween conservative and reformaccount, they are party watch-dogs and kingmakers. Bo, him-self arrested in a Peking student ist sympathisers, so their political weight may be crucial. Among younger men views are hard to identify since it is

a key vice-chairman of the powerful Central Advisory Commission, as are Wang and Song.

Ironically the Central Advisory Commission was created to 1909 and some contral advisory Commission was created to 1909 and some contral advisory Commission was created to 1909 and some contral advisory Commission was created to 1909 and some contral advisory Commission was created to the contral advisory contral

officials. They recognise that Leninist law is often not applicable in modern life and that foreign technology is essential. But they hold to the supremacy of the party and, in varying degrees, to a strong central grip on the economy, with stress on production and heavy industry. But diplomats suspect that this ideology is already under-mining the confidence of more ambitious reformers in the provinces. It is argued by some economic analysts that Chinese business people could be reluctant to buy foreign goods for fear of being labelled "bour-geois liberals."

What factory manager is going to challenge an aggressive party secretary now that the party is tightening its grip on the country and has warned against challenging its rule? What small-town reformer is going to show corporate creativity when the party is batter-ing "bourgeois liberals" and ing "bourgeois liberals" and yet is unsure of the difference between a "bourgeois liberal" and a "reformer"?

Several important economic reforms are also in doubt. The price reforms designed to make the price of goods better represent production cost have been put on hold for at least a year intended to get rid of the "job to be under attack by conservatives. Stock issues are also being criticised and China is not likely to see a bankruptcy this year, after experimenting once last year.

are nard to identify since it is normal to echo the prevailing leadership line. Still, it is clear that Premier Zhao Ziyang, widely believed to be Deng's man, was also acceptable to the change in mood. A teacher friend is afraid that the change in many was also acceptable to the change in mood. which delived to be Deng's friend is afraid that "it will be like the Cultural Revolution conservatives as replacement for Hu as party chief.

Zhao, and the front runner to fill his shoes as premier if expense of reality, and ordinary the leaves the part Li Pang.

Queensland Premier threatens to split opposition coalition

The mine's managers say they do not know what led to the

fighting. An independent investigation into December's fight-

A spokesman for Mr Juan

Ponce Enrile, former Defence Minister, who led the campaign

to reject the charter said the vote was "good for the country," and that he would be

reassessing his options.

Meanwhile, debt renegotiation talks with commercial bank

creditors, stalled since Novem-

ber, are to resume in New York

on February 23, Mr Ongpin

Citibank, the country's big-

gest commercial creditor with \$1.8bn of debt brought the talks

to a standstill in November when it refused to discuss

Manila's demands on interest

BY CHRIS SHERWELL IN SYDNEY

injured in the fighting between Xhosa mineworkers from

Transkei and Basothos from

DAMAGING RIFTS within Australia's conservative opposition coalition deepened yesterday following an outspoken series of attacks by Sir Joh Rielke-Petersen, the mayorick his wines "the characteristics of the coalition weeks" who dean't support candidates while trying to improve the coalities which he says are consisted with the care and the coalities which he says are consisted which he says are consisted with the care and the care

and its Liberal Party partner, also like to see more curbs on are part of a determined bid to the power of the federal governare part of a determined bid to launch a nation-wide conservative movement based on lower taxes, smaller government and The campaign has already

led Mr John Howard, leader of the Liberal Party, to warn that resulting opposition squabbles will only benefit the Labor Government headed by Prime Minister Bob Hawke, which must call an election before April 1988.
It has also embarrassed Mr

Ian Sinclair, leader of the National Party at the federal level. Like Mr Howard, he has had to tread a delicate line between acknowledging Sir Joh's policy points and defend-ing the coalition's record.

day following an outspoken candidates to fight against coali-series of attacks by Sir Joh Bjelke-Petersen, the maverick his views. He then repeated his right-wing Premier of Queens-threat after Mr Howard's warnthreat after Mr Howard's walking against internal squabbles.

The key plank in Sir Joh's ted his campaign just before Christmas, following his resounding wiethers two months earlier The attacks, reflecting 76- The key plank in Sir Joh's year-old Sir Joh's disillusion platform is a flat-rate tax of own National Party around 25 per cent. He would

ment in Canberra and on the

clout of the unions.
Sir Joh is associated with radical movement in Australia dubbed "The New Right" which is keen to remove key members of the Liberals "wet" faction. He is also believed to be behind plans to start a new party in other states, starting with the Northern Territory.

But of his own plans, he has not said whether he would resign the Queensland premiership and stand for election in a federal constituency. Analysts remain doubtful whether he

could establish a national power

a serious problem. He is being forced to defend "wet" Liberal candidates while trying to im-pose policies which, he says, are not dissimilar to Sir Joh's.
The Queensland leader initia-

in the state election. He spelled out some of his feelings in a Of the two parties in the opposition federal coalition, he said: "I will never work together with the two organisa-tions again because I don't trust them. They don't perform. They didn't perform last time. They tell me they've learned a lesson, that they'll be better next time, and I said, do it my

On Monday night he affirmed his utter disenchantment with Mr Howard, saying: "I'm have nothing to do with him while he's got a team of men in there that I can't trust and who don't Either way, Mr Howard, who has never fully consolidated his jump in the take," he declared.

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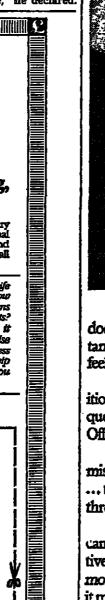
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Trade dispute looms over EEC move on components

US to announce easing of high-tech export curbs soon

BY QUENTIN PEEL IN BRUSSELS

DETAILS of the proposed relax- project - but warned that reweeks," as part of the US were motivated entirely by the Ministration's package of fence, and not trade concerns. Measures to boost trade Mr Yeutter insisted that the competitiveness, Mr Clayton latest US mission to Europe to Yeutter, US special trade complain about the Airbus subrepresentative, said yesterday, sidies had nothing to do with Mr Yeutter was responding to the simultaneous resolution of

satellite press conference with several European capitals, made his own doubts about the re-strictions perfectly clear. "A number of us feel that the US has been inordinately restrictive in that area in recent

reassess that and hopefully tilt a little the other way." At the same time, he sought to calm European fears about a new trade conflict with the US said they had nothing to do with over subsidies to the Airbus protectionism

ation of US curbs on exports strictions on machine tool imof sensitive technology will be ports from Japan, West Gerannounced "in the next few many, Switzerland and Taiwan weeks," as part of the US were motivated entirely by de-

reports that US suppliers could the last US-EEC conflict over be prevented from bidding for animal feed grain sales to Spain components contracts in the "I don't think anyone in the £10bn European fighter aircraft US is screaming for blood on project, because of the restrictions on re-export of US issues," he said. The extent of chnology. subsidies involved in US Mr Yeutter, speaking in a defence spending on aircraft stellite press conference with was "a legitimate subject for

We are prepared to have the Airbus governments evaluate public contributions to the American aircraft industry "I suspect we have tilted too much toward the control side in recent years. It is time that we reassess that and hopefully all a live as transparent as possible.

All we ask is the Western Europeans do the same."

The EEC has the live as transparent as possible.

The EEC has the live as transparent as possible.

challenge the US under the General Agreement on Tariffs and Trade for its machine tool import curbs, but Mr Yeutter

Telecom consortium talks may have foundered

BY IAN RODGER

NEGOTIATIONS aimed international broken down.

joint consortium,

C & W is a leading partner along with the C. Itoh trading group in the International Digital Communications (IDC) consortium. International Telecom Japan (ITJ), the rival group, has made clear it does not want C & W to be in a joint

Volcker

calls for

action on

bank ban

By William Hall in New York

MR PAUL VOLCKER, the

chairman of the Federal

Reserve, yesterday urged the

US Congress to quickly decide

whether US commercial banks

should be allowed to under-

write securities or whether they

should continue to be barred from the business by the more

than 50-year-old provisions of the Glass-Steagall Act.

Mr Volcker was speaking at an unusual open bearing of the

sentatives of some of the most prestigious US commercial banks and Wall Street investment banks reliterated their

long held positions on the thorny issue of whether com-mercial banks should be allowed to underwrite certain

Citicorp, J. P. Morgan and Bankers Trust have filed appli-cations with the Federal Re-

cations with the reneral Re-serve for permission to under-write and deal in commercial paper, mortgage-backed securi-ties, municipal revenue bonds

The Federal Reserve has indicated that it will take a decision on the applications by

April but would much prefer it if the US Congress passed legislation which would clear

up the long-running debate about what is and what is not permitted under the Glass-Steagall Act, which is supposed

to separate commercial bank-ing and investment banking and prevent a recurrence of the financial abuses of the 1920s

Mr Dennis Weatherstone, the

president of J. P. Morgan, said

his firm was seeking the addi-tional securities powers "be-cause the business of banking

has changed fundamentally—
and we must change with it.
Underwriting and dealing in
commercial paper. revenue
bonds and mortgage-backed
securities are simply modern

versions of the basic services

that banks have always pro-

Mr Volcker said that the

answer to the question of

whether banks should be allowed to underwrite securities

lies outside this room and in

the halls of congress." However, he said that if Congress did not

act the Fed would interpret the

and early 1930s.

vided." he says.

law as best it can."

consumer

types of securitles.

receivables.

merging the two consortiums competing for Japan's second tions franchise have apparently

Japanese Ministry of Posts and Telecommunications (MPT), have apparently foundered over the role of Cable & Wireless, the British telecoms group, in a

onsortium. C & W's presence has been

discussion and Jebate.

at sawa, the MPT minister, told ums Mr Paul Channon, UK Trade and Industry Secretary, that telecommunica- Japan should not be expected to permit foreign companies to enter its telecoms industry. The talks, initiated by the

Both the US and the UK governments have reacted strongly to this remark, point ing out that the Japanese enabling legislation for new international telecoms services specifically provides for up to one third foreign ownership.

Mr Bruce Smart, US Assistant Secretary of Commerce told Mr Karasawa last week that the US would be distress if foreign participation in whichever consortium was given a licence was less than one third.

The MPT is expected to conber when Mr Shunjiro Kara- two consortiums shortly.

Japan bid to head off new curb on excavators

LEADING Japanese construc-tion equipment makers are meet-ing their European competitors in Frankfurt tomorrow in a bid to head of further moves to block Japanese imports into Europe.

Anti-dumping duties were imposed by the European Commission on Japanese hydraulic excavators in June 1985 following complaints from British and other European makers about pricing by the Japanese. Reports have reached Japan that similar complaints are being made about their sales of mini-excavators in Europe,

Mr Masao Tanaka, an execu tive managing director of Komatsu, the top Japanese construction euipment group, and leader of the Japanese industry delegation to Europe, said the delegation's main mission was to explain the steps taken by Japanese companies in the past two years to ensure that these products would be shipped to Europe only at fair prices.

Under Ministry of Inter-national Trade and Industry (Miti) guidance, the industry has set up a system of floor prices to cover regular and mini-excavators. The system is tied to exchange rates, so prices in Europe of Japanese excava-tors have risen nearly 50 per cent since early 1985.

"We believe it is important for our counterparts to understand that we are selling machines at fair — and fairly high—prices," Mr Tanaka said. Sales of Japanese regular ex-cavators in the EEC, excluding Spain and Portugal, have fal-len from 1,477 in 1984 to an estimated 1,140 last year.

Mr Tanaka was not optimistic about an early removal of the dumping duties, given the stormy climate surrounding EEC-Japan trade relations. He hoped, however, that antiimport action on mini-excavators could be averted since the situation was different in this fast growing sector. Japanese companies had invented mini-excavators and had always had a dominant position

year, exports to Europe have continued to rise. Shipments to Europe, including Scandinavia, have risen from 3,186 units in controversial since last Novem- sider the applications of the 1984 to an estimated 6,223 units

BY CARLA RAPOPORT IN TOKYO AND WILLIAM DAWKINS IN BRUSSELS

A trade row is looming over an EEC initiative which would extend auti-dumping duties to a wide range of products made in Europe by Japanese companies with a high proportion of cheap, imported components.

According to Brussels officials, the move is aimed at blocking Japanese companies' alleged attempts to circumvent anti-dumping levies by setting up so-called "serew-driver" assembly plants in Europe based on cheap Japanese products.

A commission decision on

Japanese Government and industry officials, however, say the move would be an out-right political attack against the Japanse, only serving to worsen industrial and trade relations between Europe and

the proposal is expected to-

In its present form, the draft scheme would set a ceiling, probably to be fixed on a case-by-case basis, on the proportion of Japanese comonents allowed in locally

assembled products. This would apply only to European-assembled products which are already the subject of anti-dumping duties as exports from Japan, or any country outside the EEC Electronic typewriters and plain paper copiers are among the European assembled products which would auto-

matically be hit.

Although the proposals apply to countries other than Japan, it is the Japanese who will be hardest hit by the

The issue is currently being investigated by senior officials of Japan's Ministry for International Trade and

Industry (Miti), with a view toward making strong protests
Japan's powerful Keidanren, the Federation of
Economic Organisations, is also preparing to step up its attack on the proposal.

To qualify for the new anti-

dumping duties, the foreign company must have started or substantially increased its output in Europe following the imposition of anti-dumping

duties on its exports.

Most of the recent electronic and office equipment investments in Europe by Japanese companies fall into this category. While no overall value has been put on these plants or their output, Japanese business leaders say

Japanese business leaders say the new anti-dumping duties would be a "serious blow." Industrialists are angry over the proposed imposition of duties on the entire products, even when they con-tain as much as 40 per cent Expenses companents. European compenents.

William Dawkins reports on a draft Commission proposal to extend anti-dumping duties

EEC set to raise the stakes against Tokyo

A NEW NOTE of aggression is

European Commission in Brussels tomorrow is expected

At the centre of the controversy is a draft proposal to ex-tend anti-dumping duties beyond the assembled products to the individual components of items subject to such levies. This would hit foreign products made in the EEC, where they

are already subject to anti-dumping levies as exports. To add to the volatile atmo-sphere, anti-dumping complaints are pouring into Brussels at more than twice the normal level. The Commission has received between 30 and 40 allega-tions from European manufac-turers since October, claiming predatory under-pricing mostly (but not always) by Japanese companies. The Commission's tiny 25-man anti-dumping unit is manifestly unable to keep up. Recent complaints, according to industry officials, cover high technology products from compact disc players through cellu-lar telephones to semiconduc-

Even before the latest pro-Despite the application of posal dealing with imported floor prices since April last components had been put formally to a committee of member states last month, it provoked an angry reaction from Japan's Keidanren federation of busi-ness organisations suggesting that it had hit a raw nerve.

The idea is partly the outentering the simmering dispute come of more than a year's over trade relations between lobbying from industrial orgative EEC and Japan — and it institutes the transporters and industries on opposite sides, of circumventing anti-dumping duties by setting up low-oost opposite sides.

Just six months after imposing anti-dumping duties on sibn worth of Japanese photocopier imports in the biggest action of its kind ever, the commission in scheme from member states'

Brussels tomorrow is expected to decide measures that would lift an already bitter dispute into a different league.

At the continuous in a scheme from memoer states national governments has, however, been cautious. The "screw-driver" plan puts them in an uncomfortable dilemma. France, Britain and Ireland in particu-lar are anxious about the impact that any new restrictions might have on Japanese inward investment and the 72,000 jobs Tokyo claims it provides in the EEC.

The key question will be how member states balance that against the interests of their domestic industries; a point underlined when Samsung, the diversified South Korean manufacturer, cited the draft pro-posals last month as its reason for scrapping plans for a £17m microwave oven plant in the

Within the Commission, however, there is a strong feeling that industrialists' complaints are justified. "Is it really worth t?" asked one senior official. We take the trouble to go and see all Japanese producers of video cassette recorders, visit all their subsidiaries in the EEC all their subsidiaries in the EEC and impose a duty—and then they simply import them in pieces and put them together."

In its present form, the proposal is aimed at EEC subsidiaries or associates of foreign manufacturers which make products similar to those imports now subject to antidumping levies. The new penalties, if agreed by member

EEC anti-dumping measures january 1985 to December 1986 Type of measure japan japan East Germany Acrylic fibres Norway Poland USSR

Key: PU-price undertaking.

Source: European Commission

states, would bite if such a plant started or substantially increased European output following the imposition of duties on its parent's exports. A ceiling is also envisaged on

the proportion of components allowed to be imported from the dumping source probably fixed on a case by case basis. The rest could be sourced from anywhere, within or without the EEC.

Two more key uncertainties add to member states' initial worries about job creation. Several trade lawyers in Brussels are unsure whether the idea would be consistent with the General Agreement on Tariffs and Trade (Gatt). Even if it were, there is the practical problem of creating a much more complex type of inquiry for the Commission's already overstratched antioverstretched anti-

crusade against Japanese trade practices, rather that it is doing its best to respond to complaints from European industry. These are piling up in part due to a growing recog-nition of the insecurity (both in EEC law and in practice) of the voluntary export restraint agreements which companies and trade associations have with Japanese competitors.

denies that it is mounting a

Moreover, the nature of the products involved in such disputes is also changing. "A few years ago, we typically got com-plaints about dumping of simple items in small markets, like widgets and fertilisers. Now we are looking at technologically complicated items that are really important in terms of volume of trade," says Dr Hans Friedrich Beseler, a director of the Commission's external relations department. tions department-

US would vote against any loans by the multilateral development banks

Consequently, Mr Seaga said, mechanical eradication would be supplemented by chemical spraying. The chemical to be used was

described by the Prime Minister as

a systemic, wide-spectrum herbi-cide, licensed for use in Jamaica as

The Government's change in atti-tude to marijuana has also been

conditioned by a threat from a dif-

danger of losing its permit to fly to the US and could be grounded," said Mr Pearnel Charles, the Public Util-

The airline has been subject to

frequent fines levied by US customs

for marijuana found among bag-

gage it carried. Recently fines of

more than \$2m were imposed, and

two aircraft were impounded in

The Government has taken many

companies off its list of recognised

exporters because marijuana has

been found in what were certified

as legitimate exports. But the

smugglers appear to be able to

move the drug from the island with

ities and Transport Minister.

New York and Miami.

a ripening agent for sugar cane.

to drug-producing countries.

complexity if the Commission starts, as expected, an investigation into Japanese electronic printers, where EEC imports are worth an estimated \$1.2bn

Other products under consideration include microwave ovens, mobile telephones, eras-able programmable read-only memories and dynamic random access memories, where anti-dumping investigations are about to commence, according to industrial officials. Japanese compact disc players have also attracted complaints recently, according to lawyers, though it will be several months before the Commission will be able to find the staff to consider an

To make matters worse, more anti-dumping decisions are being contested, with the result that the Commission is now fighting a record 27 dumping cases in the European Court of

All this means, says Dr Beseler, that the average time from the opening of an inquiry to the imposition of duties has doubled over the past few years from four and a half months to al-most nine. One consequence has been a flood of complaints from small companies that they are being driven close to liquidation by unfair low price competition while the Commission fails to stamp on wrong-

Dr Beseler shrugs his shoulders sadly and points out that the equivalent anti-dumping unit in the US employs more than 10 times as many staff to process a similar number of investigations. "I am not asking for the same," he stresses.
"But I just wonder what our dumping team.

Last year's photocopier case "But I just we are the Commission, meanwhile, is one example, but even that priorities are."

AMERICAN NEWS

Canute James examines the impact in Kingston of recent US moves to discourage illicit drug production

Marijuana becomes political issue in Jamaica

AFTER MANY years of being ac-cepted as the basis of Jamaica's Jamaica's wayward economy in the

on the island. Mr Edward Seaga, the Prime Minister and Finance Minister, has accused the opposition Peoples National Party (PNP) of having links with major marijuana traffickers

and of receiving money from them.
The PNP has rejected the charges and has suggested that there are people close to Mr Seaga's Jamaica Labour Party who are themselves linked to the big traffickers. The issue is likely to be a major factor in the next general election, constitutionally due in just under two years, but which is likely to be held earlier.

The Jamaican Government has been under pressure in recent years from Washington to curb marijuana smuggling. In the league of suppli-ers to US smokers, Jamaica has traditionally occupied fourth place, following domestic US production. Mexico and Colombia

The Government reported nine months ago that it had destroyed most of two successive crops and had reduced the volumes being smuggled to the US. It is generally thought by officials

black economy, marijuana has be face of falling hard currency earn-come a contentious political issue ings from bauxite, sugar and bananas, the three pillars of the econo-

There is no way of determining with any degree of precision the value to the national economy of

Bankers have suggested that in the years before the eradication ef-fort began in earnest, the illegal exports could have brought in about \$500m a year - marginally less than the combined earnings of the island's merchandise exports. Mr Seaga's charges, however, may not have changed Jamaica's apathetic attitude towards marijua-

The charges are based on an article published in a small Venezuelan weekly in October and mentioned by the Government in Kingston two months later. In saying that the er.
PNP had links with the "Green I

Mr Errol Anderson, the Security Minister, promised that the allega-tions would be investigated. In re-ply, however, the PNP critised the and bankers, however, that mariju-basis of the charges and suggested the drug issue is now big in the US, and exports have contributed to the that several officials were named in the is clearly hoping be can damage

named alleged traffickers in Jamai-



Prime Minister Edward Seaga:

problem with US an unpublished US government report on marijuana two years earli-Growers Association, a group of charges are intended to discredit marijuana traffickers, the article the partly locally and international-

> Mr Seaga has failed to convince Washington that Mr Michael Manley (the PNP leader and a former Prime Minister) is a Communist," said one PNP functionary. "Since



under attack Mr Manley through these charges."

diers and policemen are ferried by helicopter to marijuana farms, where the plants are burnt in the rid of," said a pastor in Westmore

The charges and counter-charges have been accompanied by intensified government efforts to eradicate marijuana. In the island's west, sol-

parish. But what we are seeing is the devastation of the economies of entire villages which had been built

ple to go back to planting potatoes?" Mr P. J. Patterson, chairman of the PNP, said earlier that in any eradication scheme, thought had to be given to compensating marijuana farmers as had been done in efforts to curb drug cultivation in If this was not done, he said, the

the drug. How do we get these peo-

chances were that they would im-mediately go back to what they knew best and what they knew to be most profitable. Mr Seaga's administration had earlier, and often, rejected US suggestions that chemicals such as par-

aquat be used to spray marijuana plants as part of the efforts at eradi-Most of the island's marijuana, officials said, was planted with do-mestic foods, and there was a danger of poisoning through consump-tion of contaminated food.

Apparently under renewed pressure from Washington, however, the Government has changed its mind and will be using chemicals on marijuana. There is now a particular problem in relation to our major trading partner, and our major source of external investment, aid and tourism earnings," Mr Sea-

He said new legislation in Wash-

Mexico says \$7.7bn loan pact over time on cultivation and sale of ington would cut by half foreign asready soon sistance to any major illicit drugproducing country. In addition, the

By William Orme in Mexico City

MEXICO SAYS it expects to conclude its \$7.7bn (£5.1bn) commercial loan pact this month, but bankers are still questioning whether it needs

tne full amount. Approved in September, by the 13 bank negotiating committee representing Mexico private creditors, the huge loan has been delayed by resistance from scores of US regional banks

Each of Mexico's commercial creditors is being asked to con-tribute an amount equal to 12.9 per cent, of its exposure as of August 1982, when Mexico set off the Latin debt crisis by sus-

loan to be fully subscribed by the end of February. Mr Pet-rizioli also met last week in Washington with US finance officials and directors of the Inter - American Development Bank and the International Monetary Fund.

Even before oil prices began low the lowest paid workers to get the cost-of-living allowence, while others would receive only a part of the allowance. The unions are considering the proposals.

Putting into effect a pre-election promise to deal with official corruption, Mr Robinson has announced

Even before oil prices began recovery US Treasury officials were saying Mexico might not need to borrow the entire \$7.7bn. With Mexican crude prices now expected to stay considerably above last year's average of \$12 a barrel, banks will probably not have to disperse the gill linked \$1.7bn "controlled". perse the oil linked \$1.7bn "contingency" components of the loan. If its oil prices stay above in a three-member commission to substigate alleged corruption in the administration of the former drawn down from the \$60n base Prime Minister, Mr George Cham- credit by an amount equivalent

Argentines seek Italian aerospace co-operation

BY TIM COONE IN BUENOS AIRES

na's aircraft industry is the purpose of a visit this week to Rome by Mr Horacio Jaunarena, Argentina's De-

fence Minister. According to a Defence Ministry spokesman, two conventions are to be signed during the visit which ation with En will pave the way for future techninot ruled out. cal co-operation agreements and a series of marketing and financial studies related to the two countries' aerospace industries.

The spokesman said there had been "a concrete offer" by Aeritalia, the Italian aerospace group, to invest Italian capital and technology in Argentina's aircraft factory Fabricationes Militares de Aviones, now known as Area Material de

and international marketing stud-

ies, to help plan the future develop-

Cordoba (AMC). The studies will embrace the fi-nancial and technological means of the 1982 Falklands war, and is de-AMC and will also include domestic veloping the IA63 Pampa jet trainer

ITALIAN co-operation in Argenti- ment of the Argentine serospace in-

The agreements would not inchide co-production of Aermacchi jet fighters, said the spokesman, although the possibility of parts manufacture for Aermacchi in collaboration with Embraer of Brazil was

AMC already has an agreement with Embraer to co-produce a turbo-prop business jet. A memorandum of understanding signed was with McDonnell Douglas in June last year to study the possibility of reopening a production line for the A4 Skyhawk jet as well as co-production of parts for the A4 and the Hughes 500 helicopter. At present AMC manufactures

the Pucara turbo-prop ground at-tack aircraft, used extensively in

'Tough but fair' US trade bill proposed

which would strengthen US at how far it would go to limit the tempts to gain access to foreign markets while making it more diffi-retaliation for practices deemed to cult for individual American indus- be unfair. tries to gain import protection is proposed by two key US senators. They are Senator Lloyd Bentsen, Democratic chairman of the Senate Finance Committee, and Senator John Danforth of Missouri, a key

Republican on trade matters. With an emphasis on improving the competitiveness of US business. the legislation would require indusproductivity. Cash assistance would be provided to workers who agreed to be retrained and that aid would be paid for by a 0.25 per cent tax on

tion to consult more with Congress keting efforts.

A COMPREHENSIVE trade bill on trade policy. But it is not clear President's discretion in imposing

Too much restriction on the Pres ident's powers will bring certain opposition from the Reagan Administration. "The bill would make Congress a

partner, not a puppet, in trade poli-cy," the memorandum says. It would authorise a new round of multilateral trade negotiations over a 10-year period, but it would also require "detailed, continuing consultation with Congress on trade policy in return for expedited consideration of trade agreements by

To avoid a protectionist label, the legislation would give no aid to spe-The bill, described in a memoran-cific sectors of the economy, aldum by Senator Bentsen as "tough though there is a special section enwith assistance from Dornier of but fair," requires the Administra- couraging agricultural export mar-

Trinidad and Tobago shelves austerity plan BY CANUTE JAMES IN KINGSTON

TRINIDAD AND TOBAGO'S new fered an alternative which would alimplementing some economic austerity measures following several days of street protests by trade

In what appears to be an early end to the honeymoon of the Government of Mr A.N.R. Robinson, whose party took 33 of the 36 seats in last December's election, protestors have won a reprieve for an inflation-linked cost-of-living allowance which the administration planned to dismantle as part of an effort to reduce an anticipated

\$660m budget deficit. The suspension of the special allowance, and a proposed 5 per cent cut in ministerial salaries, was in-tended to save the public purse about \$135m per year.

Government has backed down on low the lowest paid workers to get

tion, Mr Robinson has announced the inclusion of Mr Louis Blom-Cooper, a British Queens Connsel Mr Blom-Cooper last year led a petroleum earnings.

British Government inquiry into of-ficial corruption in the Turks and ing the loan refused to partici-Caicos Islands. Mr Robinson said that among the matters the commission would investigate was the said still reportedly be just \$340m shy of the \$7.7bn target. One mission would investigate was the negotiating committee banker Union-organised protests, one of which was joined by a Government senator, led the administration to change its plans. Instead it has of-

and, reportedly, a few smaller banks in Italy and Spain.

pending principal payments. Mr Gustavo Petrizioli, Fin-ance Minister, returning Mon-day from talks with bankers in New York, said he expected the

Official lenders began dispersing their \$6bn share of the \$13.7bn Mexican rescue package in November. Bolstered by multilateral credits and income from rising oil prices, Mexico's growth of foreign reserves stood at a substantial \$6.3bn in Decem-31-a level that some bankers contend shows Mexico no longer needs the full loan package.

to its higher than expected

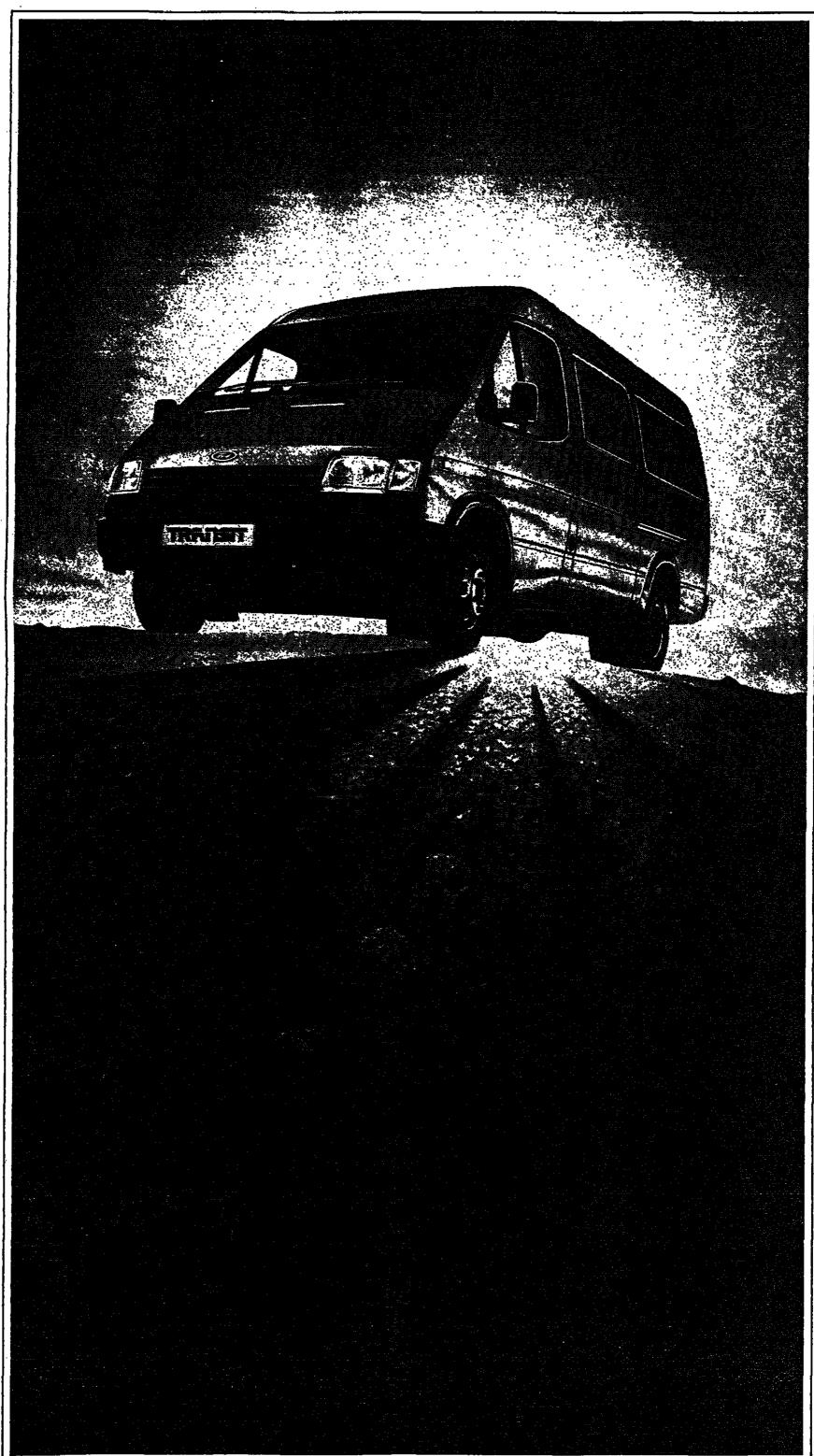
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impressive 34mpg on the urban cycle*
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comfort.

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For more information contact your nearest Ford dealer or ring Teledata on 01-200 0200.

*Ford computed figures to EEC procedure.



THE NEW FORD TRANSIT

Controls to tighten on share stakes in banks

BY DAVID LASCELLES. BANKING CORRESPONDENT

Court rules training

costs must be repaid

THE BANK of England is to be giv- able the Bank to establish the Mr Stewart said the new powers en greater powers to control acqui-identity and intentions of the acquisitions of large stakes in UK banks. ror, even though it will not, at this The measures, announced yester- stage, be able to stop the buyer en-

day by Mr Ian Stewart, Economic larging the stake. secretary to the Treasury, follow At the moment, the notification secretary to the Treasury, follow several cases where UK merchant banks have been stalked by unwelcome predators, and the Bank has been unable to intervene.

Mr Stewart told the House of Commons committee dealing with the new Banking Bill that the changes would be introduced as an amendment at the report stage. The ment would give the Bank further Bill is expected to come into lorce

In future, anyone acquiring a stake of 5 per cent or more in a bank will have to notify the Bank of freeze the voting rights on share England, and supply it with any information it asks for. This will enand ultimately order disinvestment.

THE HIGH Court in London has or-

dered a former employee of Elec-

tronic Data Systems (EDS), the

computer services subsidiary of

General Motors, to repay £4,500 for

leaving the company prematurely

The ruling is thought to be with-

after completing a training course.

out precedent in the private sector.

The court rejected the former em-

ployee's case that he had been forced to sign an undertaking on

Mr Philip Hubble, a 26-year-old

information systems graduate, joined EDS in January 1985. He

signed an agreement to pay back £4,500 if he left the company within

two years of completing a systems development course. Mr Hubble left

EDS in June last year for a higher

training costs under duress.

BY JIMMY BURNS

requirement is only triggered at 15 per cent, the level at which an investor is deemed to have "a controlling interest" in a bank. The new Bill will already require

purchasers of 15 per cent or more to obtain the Bank's prior approval. But Mr Stewart said the amendpowers to deal with controlling interests that have been built up before the new Act comes into force. The Bank will have the power to

ing in the light of a shortage of skilled technical staff in Europe

and a need to protect itself from

having employees head hunted in a highly competitive industry.

The court upheld the company's view that the £4500 was only a frac-

tion of the cost of the training, and

that the agreement with the em-

ployee was a legitimate compensa-

The court took as its reference a

case in 1984 when a Scottish local

authority reclaimed from an em-ployee part of the money it had

spent on training.

The ruling, which is to be ap-

pealed against by the manufactur

ing union, Tass, on behalf of Mr

Hubble, is likely to be widely inter-

preted as a test case of EDS em-

tory provision.

would greatly strengthen the Bank's hand in dealing with unsuitable controller shareholders of hanks, both actual and potential.

Over the last 12 months certain UK merchant banks have had sizeable stakes acquired by investors with reputations as predators. This week, Hill Samuel reacted sharply to a 14 per cent stake acquired by Mr Larry Adler, the chairman of FAI, the Australian insurance group. Last year, Mercury Internaparent of S.G. Warburg, clashed with Mr Saul Steinberg, a US corporate raider, after he

New finance

chief named

MR BARRY ROMERIL, 43, bas

been appointed finance director of BTR, the industrial holding compa-

ny. He will succeed Mr Norman Ire-

land, who is retiring from the post at the end of March, while remain-

ing on the BTR board as a non-ex-

Mr Romeril is a former group fi-nancial controller of Imperial

Chemical Industries and joined

BTR in Ocotober 1985, taking responsibility for the finances of its

He worked closely in North America with Mr John Cahill, who was bead of BTR's operations there be-

fore being made the group's chief executive at the start of this year.

North American operations.

at BTR

By Martin Dickson

threatened to acquire up to 15 per cent of the company. He later sold his stake to a Canadian pension NCU officials believe that BI may accept that some of the effi-ciency measures should be phased in over two years rather than as a

tailed negotiations, which goes

the implementation of efficiency

Telecom

talks may

clear way

for peace

By Charles Leadbeater

BT may also be prepared to drop some elements of the changes to working practices, such as a 45-mi-nute extension of the normal work-

ing day.

The company might also make separate payments for the specific efficiency measures, thereby allowing a large proportion of the offer to

be made "without strings."
Union leaders expect negotia tions over the company's job repatt-erning proposals will be the most intractable. NCU leaders said the union's response would depend on whether the company presented the package in a way that could be recommended to the engineers.

Today's talks follow discussions between Mr John Golding, the NUC's general secretary and Mr Ri-chard Worsley, BT's director of corporate personnel and services which raised the possibility of a two-year deal. Detailed negotiations the weekend, confined to the 1986 agreement made little progtold Mr Kinnock: This is clearly a

Angry Thatcher denies any link with police raid in BBC office BY IVOR OWEN AND TOM LYNCH

support of Mrs Margaret Thatcher, the Prime Minister, in the House of Commons last night when Mr Ger-ald Kaufman, Labour's spokesman on home affairs, sought to link her BRITISH TELECOM (BT) senior with the decision by the Special executives will meet leaders of the Branch to raid the Scottish headquarters of the BBC in Glasgow at the National Communications Union (NCU) this morning for talks which

could pave the way for a settlement To Labour cheers, he maintained to the 10-day old strike by 110,000 that any breach of national security telephone engineers.
Union leaders hope that BT will should have been probed months earlier when, either in October or outline a revised framework for depossibly July of last year, the Government first became aware that someway to meet the union's de-Mr Duncan Campbell, the journalmand that the 1988 pay award ist, was making a television pro-gramme about the spy satellite Zirshould not be made conditional on

Mr Kaufman declared: "From the beginning this whole train of events has borne the personal hallmark of the Prime Minister - bungling inefficiency coupled with arrogant au-

Mrs Thatcher had earlier clashed ngrily with Mr Neil Kinnock, the Labour leader, when she repeated the Government's denial of any involvement in the decision to raid the BBC's Scottish headquarters.

Mrs Thatcher attempted to turn the affair against Labour, by accus-ing the opposition of attacking the police for carrying out their duty to The bad-tempered exchanges in a

packed and very noisy house, dominated a turbulent question time during which Mr Kinnock rose four times to challenge the Prime Minis-

He tried to demonstrate that the

Government had been active in the affair through Sir Michael Havers, the Attorney-General, and a Labour backbencher alleged that Sir Mi-chael had twice met Mr Campbell. Mrs Thatcher stood by the case argued on Monday by Mr Malcohn Rifkind, the Scottish Secretary. She

criminal case under the Official

Mrs Margaret Thatcher: accused Kinneck

for the police to decide whether to apply for a search warrant and for the courts to decide whether to grant an application. The Government does not give orders to the po-

Mr Kinnock attacked the seizure, along with the film about the spy satellite, of the five other programmes in the series, Secret Society. He said it had not been sugted that the other films raised questions of national security. The seizures contravened the right to

"It is clear that, contrary to what Mr Rifkind said yesterday, all this action has been initiated directly by the Attorney-General. Why is it that a few months ago, a discussion with the BRC was apparently sufficient to stop one film but it is now thought necessary to undertake an invasion of the BBC to stop five

Mrs Thatcher said Mr Kinnock was "deliberately trying to muddle the question of the injunctions obtained against the publication of the information and the criminal inves-tigation into who had leaked the information to Mr Campbell.

"Decisions to proceed under the criminal law, are for the Attorney-

get rid of commission incentives

which encourage independent in-

termediaries to sell single premium insurance bonds instead of unit

Trusts Regulatory Organisation

(Lautro), one of the new investor

protection bodies set up to comply

with last year's Financial Services

At present, independent interme-

liaries receive a commission of up

to 5.2 per cent on single premium

bonds, but only 3 per cent for sell-ing unit trusts. Consumer bodies

and the Unit Trust Association have

sharply criticised the discrepancy

because it makes a potential bias in favour of selling single-premium

Single premium insurance bonds

baye been one of the industry's fas-test-growing sectors, with sales to-

talling nearly £1.4bn in the first

said it proposed that over a four-year transitional period, single premium bond commissions should

gradually be reduced to 3 per cent of the initial premium, with a 0.5

per cent renewal commission.

nine months of last year.

Insurance incentives

REGULATORS of Britain's life as- house" proposal to cut to 4 per cent surance industry have decided to to the commission payable on single

day by the Life Assurence and Unit LIA's president, said Lautro had

premium bonds

shown "insensitivity."

will be equalised



Mr Gerald Kauiman: bungling inefficiency

crets Act. In criminal cases it is General in his prosecuting capacity - not for the Government in any

She reminded Mr Kinnock that he had agreed with her that the film about the spy satellite was a threat to national security. "I would have thought you would also have agreed that the police were right to investigate how the information was leaked.

"You and your party are now once again attacking the police." This remark clearly infuriated Mr Kinnock, whose voice was sub-

merged in a wild Tory cheer when he retorted: "You have good cause to know that I will do everything to safeguard national security."

The Prime Minister snapper back: "You will do everything except support the police in carrying out their independent duties. The day governments do direct the po-lice would be the day the rule of law would die and so would freedom

Mr Kinnock accused Mrs Thatcher of initiating the affair. "You are killing the rule of law in this country and with it the reputation of the police. You are trying to cover up

It met criticism, however, from

the Life Insurance Association

(LIA), which represents indepen-dent intermediaries and life assur-

ance salesmen. Ms Christine Leach,

Lautro's move was made public

as the commissions committee re-

vealed the results of consultations

tary industry-wide commissions

agreement on maximum commis-

sions paid by member companies.

The scheme, proposed in November, is designed to meet require

ments under the act that investors should be told of any factors, such as commissions, that could influ-

Lautro said it had confirmed its

decision to have a maximum commission of 25 per cent on the first

year's premiums of any life assur-

still has to be ratified by Lautro's

board and approved by the Office of Fair Trading. But Mr Barry Sher-

lock. Lautro's chairman, said the

scheme already had its full support. Lautro said it would tell the Secu-

rities and Investments Board, the

The new commissions agree

ance product.

Opinion poll puts Labour in lead

THE CONSERVATIVE PARTYS clear lead in the opinion polls seems to have disappeared with a Harris Research survey for TV-am putting Labour slightly ahead, Peter Riddell writes.

Labour is standing at 39 per cent according to Harris, compared with 37 per cent for the Conservatives and 22 per cent for the Social Democratic Party/Liberal Alliance. The polling was done on Friday and Sunday among more than a thou-

Last month there was a 5 per cent Tory lead, although paradoxically there has been a fractional increase to 62 per cent in the proportion of the sample expecting the Conservatives to win the next election.

Party strategists admit that the picture is confusing. Polls during January, even undertaken by the same organisation, show sharp fluctuations in the level of support for parties. The Market Research Society is holding further discussions today to decide whether to undertake a special inquiry into polling

Nevertheless, after excluding the sharp variations, there appears to have been a change in trend in the past two or three weeks. Each of the three most recent surveys have put the two main parties broadly neck and neck. This compares with an average Tory lead of 3 to 4 per-centage points at the beginning of

☐ COMPANY directors work in a legal minefield that few of them understand, according to a guide to the rights and duties of directors.

"The majority of directors are unaware of the risks and their responsibilities under corporate law," said Mr Desmond Wright, senior manager at Touche Ross, the accountancy firm, and secretary of the Accounting Standards Committee, who wrote the guide A director's job specification was

defined in numerous statutes but nowhere were the duties of a director clearly set out. "The danger is, therefore, that a director is not going to discover what his duty is un-til he has failed to do it." □ AUSTIN Rover's foundry and

forge at Longbridge, Birmingham, is to close over the next few months and work will be transferred to another plant. No redundancies are

☐ MANCHESTER Airport remained closed to all passenger flights because of a strike by firefighters which began last Wednesday. Strikers have rejected both a mediator and an independent inquiry on the dispute over payment for a computerised fire prevention sysmore than £600,000.

□ CATERPILLAR, the US earth moving equipment manufacturer, confirmed its decision to close its Uddingston plant, near Glasgow, which has been occupied by workers since the closure announcement

more than two weeks ago.
In a telex to Mr Malcolm Rifkind. Scottish Secretary, Caterpillar jus tified its decision on the grounds of over-capacity in its worldwide oper-ations. It said it would try to delay the closure as long as possible to give the 1,200 workers time for retraining and readjustment. ☐ BRITAIN'S gold and foreign cur

rency reserves rose by an underlying \$72m in January after increasing by \$96m in December, according to Treasury figures. Although sterling fell to new lows against the D-Mark in January, it also rose by about 5 per cent against the dollar.

There was an actual rise in the reserves of \$29m to a total of \$21.95bn at the end of last month compared with \$21.92ba at the end

he Lo

The Treasury said there had been a valuation change resulting in a fall of \$41m arising from the quarterly rollover from the European Monetary Cooperation Fund Swap. The decrease reflected the decline in the dollar's value against the European currency unit, Ecu.

☐ TOOTAL, the textiles group, is to have a new chairman. He will be Mr John Craven, at present deputy chairman, who will take over from Mr Alan Wagstaff. Mr Wagstaff re-cently completed a restructuring of



the chairmanship of the London be only indicative outside market Stock Exchange's traded options hours. Market makers who make

Mr Parry of stockbrokers Pan mure Gordon, took over the post from Mr David Steen, the founding father of what is now one of the exchange's fastest growing sectors. Although Mr Parry was an experienced member of the committe did not profess to be an options

The appointment of Mr Chamber-lain, of the brokers L. Messel, part of Shearson Lehman Brothers International, underlines the trend throughout the stock exchange for greater involvement by practitioners in the running of the stock exchange's markets.

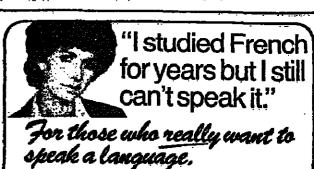
It could give a boost to the exchange's long-negotiated plans for a currency options trading link with the Philadelphia Stock Exchange. Mr Chamberlain will oversee plans for the equity options market to expand at an even more rapid pace than in recent months, when it has been substantially boosted by the arrival of British Gas and Trus-tee Savings Bank shares.

The Stock Exchange has dropped a recommendation that

prices on its automated quotation system, Seaq, for "alpha" stocks

committee last August, is to step down and be replaced by Mr Geof-frey Chamberlain.

prices outside market hours must make firm prices – at which they are committed to deal – at all times.



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215 bhp in fact. So 0-60 mph time is down to a cracking 5.3 seconds. Faster than the Porsche

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Of course, figures tell but part of the story. The real exhilaration lies in the combination of extra power and the acclaimed qualities of the Esprit's race-bred handling.

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THR ESPRIT HC BEATS THE COMPETITION ON PRICE TOO FROM £24.980 (CORRECT ON GOING TO PRESS). THIS INCLUDES THE NEW LOTUS TWO YEAR MECHANICAL WARRANTY AS WELL AS CARTAX AND WIL

FOLLOW THESE 5 SIMPLE RULES AND YOU TOO COULD MAKE \$464,000,000.

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1. ALWAYS PUT THE INTERESTS OF SHAREHOLDERS FIRST.

Hanson Trust doesn't belong to the management. It belongs to some 165,000 shareholders. It is therefore our duty always to put their interests first.

2. INVEST IN BASIC INDUSTRIES.

)0Ur

We invest in industries providing basic goods and essential services to proven markets. Thus, our shareholders are spared the hazards of changing fashions and leap-frogging technology.

3. ALWAYS CONSIDER THE DOWNSIDE RISK.

When considering an acquisition, our first question is "How much could we lose if it all goes wrong?" And if the answer makes us nervous, then we don't proceed.

4. AGREE BUDGETS WITH OPERATING COMPANIES.

BUT NEVER INTERFERE DAY-TO-DAY.

If an operating company wants to develop a new product, or, indeed, paint it sky blue pink, that's fine by us. They simply tell us the cost, the benefits and the attendant risk.

Provided we agree their budget, it will then be up to them to come up with the goods as promised.

5. REWARD EXCELLENCE.

We all need a little motivation in this life.

Thus our share option scheme is reserved not for a chosen few, but spread widely amongst managers throughout our operating companies.

Furthermore, when any one of them turns in an exceptional performance they receive an equally exceptional bonus.

Now you know the secret of our success. But if you wish to emulate it, you'll have some catching up to do.

For 23 consecutive years we have turned in record profits, and last year's reached £464,000,000.

So those rules of ours are indeed golden ones.

HANSONTRUST

A company from over here that's also doing rather well over there.

BY JOHN GRIFFITHS

agreement with Isuzu, the Japanese truck and car maker, in which General Motors - Lotus's owner equity stake.

Under the agreement, no financial details of which are being disclosed. Lotus will gain access to components from Isuzu.

In return, Lotus will provide engineering consultancy services starting with suspension developments on the Isuzu Plazza, a coupe already on sale in North America and

Mr Michael Kimberley, Lotus's chief executive, described the deal maker. It is collaborating with GM as enabling Lotus "to obtain highquality, cost-effective components and assemblies from Isuzu and its suppliers and is part of Lotus's

long-term policy."

However, Lotus refused to confirm whether this meant Isuzu mechanical components would be used

GROUP LOTUS the UK car maker, is intended to increase Lotus's car has signed a 10-year collaboration output from 730 in 1985 to around

The car originally had been intended to use components from since early 1986 - has a 34 per cent Toyota, Japan's largest car maker, which until GM's takeover last spring had held a share of just un-der 20 per cent in Lotus.

> At the time of the takeover, there had been speculation that GM com-ponents would be used instead in the M100, originally code-named M90 and which is being completely igned. It had been intended for launch last year. Isuzu is best known as a truck

> in North America on joint produc-tion of small cars, but has yet to establish a firm presence in Europe. Its Piazza coupe was launched in the UK last year, through an inde-

pendent importer, but the importer collapsed at the beginning of this year. The franchise has since been in the M100, a "cheap" - about taken over by International Motors, £12,000 - sports car Lotus is plan-which imports Japanese Suzuki ning to launch in 1989/90 and which and Korean Hyundai cars.

Unions urge Tories to forgo budget tax cuts

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

yesterday urged the Government to man of the TUC's economics comforgo tax cuts in its March 17 bud- mittee, said that the budget debate get in favour of a strategy to rebuild should not be about tax cuts de-British industry and to drastically signed to boost the Government's reduce the unemployment total.

In what will be seen as a reflecbour government rather than of a TUC calls for a package of measures costing £6.5bn.

The package, centred on extra in-Introducing the proposals yester- election.

telephone dispute prepare for the second half of extra time in talks

aimed at ending the two-week

strike by 110,000 engineers, British

Telecom (BT) is in danger of lock-

ing itself into a self-fulfilling

agers did not believe that the lead-

ership of the National Communica-

tions Union (NCU) could persuade

the engineers to accept wide-rang-

ing efficiency measures, so they de-

cided to make the 1986 pay award

conditional on the implementation

of the changes to working practices.

that this apparent insurance policy

has turned into the largest obstacle

to a settlement. The engineers want

pay and efficiency measures to be

dealt with separately. Union lead-

ers believe that it would be ex-

tremely difficult to deliver support

for the kind of linked deal BT be-

First, there are revised arrange-

technical officers, including compu-

lieves it needs.

The NCU's leaders, however, say

From the outset, senior BT man-

prophesy, union leaders say.

THE Trades Union Congress (TUC) day, Mr Rodney Bickerstaffe, chair-

toral standing. The TUC says that it has framed tion of its priorities for a future La- its plans against the background of "desperately weak economy," policies Britain faces a "low-growth, high-unemployment future

By cutting taxes in the budget vestment in industry and public rather than using available re-construction and more spending on sources to tackle the economy's health, education and social ser-fundamental weaknesses, the Gov-

panies are pressing for a suspen-

sion of BT's monopoly on the in-stallation or conversion of mas-

ter sockets in homes during the

Their move follows the suspen-

sion last week by the Office of Telecommunications, the indus-

try's regulatory body, of BT's

changes to the organisation of pools

Second, the BTs "job repattern-

ing" proposals would introduce

widespread changes to engineers'

work without changing their job ti-

tles. The ratio of higher to lower

These two packages were held

grade engineers would be reduced.

over from the 1985 pay negotiations

which ended with the union's agree-

ment that they would be introduced

in 1986 as long as two conditions

warded with raises consolidated in-

Third, a set of eight proposals

ter programming training, and which the company brought up this change is too low, not enough of the a grass roots backlash.

were met - promotion outlets had to

present dispute.

of standby engineers.

The efficiency measures - the so- be protected and the permanent

called strings - come in three parts. changes had to be adequately re-

ments for organising the work of to basic pay rates.

Kenneth Gooding looks at the restyling of Europe's best-selling medium-sized car Ford puts boot into Sierra sales drive

FORD NEXT month launches throughout Western Europe heavily ra's failure to meet the original tar-revised versions of its Sierra car gets is that the medium part of the range. It is adding considerably to its potential by introducing a model

with a boot or trunk. The Sierra is Western Europe's per cent. best-selling medium-sized car, but so far it has failed to live up to Ford's original expectations.

It was brought to market in October 1982 after a \$1bn (£660m) programme to replace the 20-year-old Faunus/Cortina. Ford hoped output at Dagenham in the UK and Gen the Belgian factory controlled by Ford of Germany, would quickly rise to 450,000 a year.

But, after reaching 375,300 1983, sales fell back to 293,500 in 1985 and in that year the Sierra accounted for 2.8 per cent of the West European new car market com-pared with 3.7 per cent for the Taunus/Cortina in 1979.

Ford's car assembly plant at Cork in Ireland, equipped at a cost of 515m to assemble Sierra kits, was a 515m to ass casualty of Ford's over-optimism

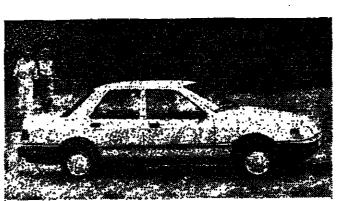
Ford's explanation for the Siermarket in which it competes has shrunk considerably since the car was launched - by two points to 21

Also, the shift to hatchback cars, a feature of the late 1970s, did not continue in the 1980s.

The company has virtually been fighting with one hand behind its back in markets such as West Germany, where more than half the medium cars sold are "notchbacks," or three-box models, and the UK, where four out of 10 customers choose that style.

Competitors such as the Passat/ Santana, the Opel Ascona/Vauxhall Cavalier, the new Renault 21, and have this disadvantage.

were taking the leadership in stylrope's vice-president for marketing. says Mr Brinkley, will particularly He insists, however: "The Sierra help Ford to improve its perfor-



The Sapphire L version of the restyled Sierra

Ford. It has helped lift Ford's image and France as a brand and lifted the image of most of the Japanese rivals do not the complete car range, our research shows this is so."

The Sierra's aerodynamic styling also met a mixed reception. "We fers 18 different models in saloon, hatchback and waggon (estate car) ing and that means risk," says Mr form, goes on display this week at John F. "Jack" Brinkley, Ford of Euthe Amsterdam Motor Show and,

makes an important statement for mance in West Germany, the UK

The UK is the Sierra's most imthere last year out of a Europe wide total estimated at 311,000. However, West Germany, with registrations of 79,000 in 1986, also contributes heavily to the sales volume.

Mr Brinkley is reluctant to make any forecasts about sales of the revised Sierra. "Our objective is to year,

merchant shipping fleet could fall

to as few as 100 ships by 1995, the General Council of British Shipping warns in written evidence to the

House of Commons transport com-

The GCBS, which represents 145

British shipping companies, urges the committee to endorse a range of

fiscal and legislative measures to

maintain a substantial merchant

The committee, which is investi-

gating the causes of the decline of

the British fleet, is due to hear oral

evidence from the National Union

The GCBS says the number of

ships owned and registered in the

UK has fallen from 1,614 totalling

The decline is likely to continue

ecause of the high employment ping industry.

of Seamen later today.

Merchant fleet 'could

THE UK-owned and registered and operating costs of ships flying merchant shipping fleet could fall the British flag and the lack of Gov-

BY KEVIN BROWN, SHIPPING CORRESPONDENT

hold the number-one spot in the medium segment of the European market," he says. Mr Derek Barron, chairman of Ford of Britain, however, expects Sierra sales to rise to about 145,000 a year with the help of the new notchback.

The arrival of the revised Sierra also coincides with exceptional buoyancy in West European car sales (Mr Brinkley says Ford predicts that they will stay above Im this year after jumping from 10.64m in 1985) – and with an upward trend in Ford's profitability, a trend which should be encouraged by the new

Ford of Germany now expects its 1986 profit to be significantly higher than the DM 100m (£36.3m) forecast last summer – its first profit for portant market; 115,000 were sold three years - and the indications are that Ford of Britain in 1986 improved on its 1985 taxable profit of

In the circumstances, Ford of Europe's 1986 net profit should be well ahead of the \$326m for 1985 and seems destined to rise again this

ernment assistance towards the

This would have an adverse ef-

fect on British defence capability,

the balance of payments, employ-

The GCBS calls for increased

capital investment allowances with-

in the existing 25 per cent writing-

down system introduced by the

m order to achieve an effective

four-year write-off for ships rather

It says this would still be less

than the assistance offered to ship-

and would limit aid to profitable

In addition, the GCBS urges tax

incentives for reinvestment, a loos-

er tax regime for seafarers and

changes to the rules of the Business

the international nature of the ship-

owners by some other government

than the present eight years.

Chancellor of the Exchequer in 1984

capital costs of shipowners.

ment and trade.

port as a "costly failure," was expected to yield considerable staff savings. It was started in 1982, and finally abandoned in 1985. The report said that £4.5m in de-

Tax office

'misused

computer

MISMANAGEMENT by the Inland

Revenue of an abortive computer

system led to losses of £16.5m, ac-

cording to a report by the Comp-

troller and Auditor General, the

parliamentary watchdog on public

Because of staff shortages, the

Inland Revenue was also spending more than it needed to on outside

consultants, the report found. The

report, which is likely to be consid-

ered by the House of Commons

Public Accounts Committee, looked

at a project to integrate and compu-

terise the collection of different

The project, described by the re-

system'

By David Thomas

spending.

velopment costs was wasted. About £12m in potential savings was also lost because about 300 job losses had to be deferred.

The report blamed the failure of the project on "weaknesses in project management, design and staf-fing" and said the Inland Revenue restimated the number of staff needed to complete it successsfully. A general shortage of staff with

information technology skills in Inland Revenue was also identified. Despite a recruitment drive, in April 1986 Inland Revenue had only 1.568 such staff in post against an estimated requirement of 1,813.

This shortfall had contributed to growing use of consultants, who charged on average more than four times the cost of equivalent Inland Revenue staff, often on jobs such as programming, which did not require specialist skills.

The report says £2.5m a year could be saved by employing in-house staff to do this work.

However, the report also noted recent improvements in the Inland Revenue's strategic planning, proment arrangements

It said that an Inland Revenue project to computerise tax assessment was on course to achieve its Expansion Scheme to adapt it to target rate of return, despite a 9 per cent increase in real costs since the

Sponsors of human rights bill claim Lord Hailsham's support fall to 100 ships'

rate the European Convention on Human Rights into British law yesterday claimed the support of Lord Hailsham, the Lord Chancellor, the barrasm Government's chief legal officer.

This is despite government hostility to the measure, which has its second reading in the House of Commons on Friday.

monopoly over the final inspec-tion of telecommunications

equipment installed in business

The industry's association has

bones has slowed down because

year. Four of these have proved un-

popular with the NCU; accelerated

promotion for some lower technical

staff, direct recruitment of some

specialist technical officers, extend-ing the length of the normal work-

ing day by 30 minutes to allow the

company to concentrate work in the

most profitable afternoon periods,

and the introduction of mixed

teams tailored to the needs of cus-

BT and the union are close to

agreement on many of these mea-

sures in themselves, but the main

stymbling block has been over the

The union says the payment for

payment for these changes.

BT was no longer converting old

ained that the sale of tele-

In a pre-recorded BBC radio programme due to be broadcast this unday, Lord Hailsham notes that Britain has signed the European Convention and states his view that "judges at Edinburgh or Westminany expectations of a change of threatened by a rising trade gap heart by Mr Nigel Lawson, the Chancellor of the Exchequer, the Chancellor of the Exchequer, the try and infrastructure. On present we are committed in international law ought to be applied in the English, Scottish or Northern Irish context, than the chaps at Stras-

He adds that, therefore, he has always given his vote in recent years vices, is billed as the first stage of a ernment would compound the diffi- to "something on the lines" of legisstrategy that could reduce unemployment by 1m over two years.
Introducing the proposals yesterlast parliamentary session by Lord
Introducing the proposals yesterlast parliamentary session by Lord
Scarman, which are exactly the ing the necessary number.

Blockage on phones dispute line

BY CHARLES LEADBEATER

barrasment for the Government. but no more, given that his position is long-established. On Friday, Sir Patrick Mayhew, the Solicitor Gen-eral, will indicate the Government's lisagreement with the route taken by the bill. The Labour leadership is also officially hostile. The fate of the bill is still uncer-

tain but its supporters are seeking to make the most of the current controversy on the policy raids on the BBC to generate momentum. The sponsors need at least 100 MPs to obtain a closure to end the debate and this is still far from in the bag. While a number of big names are committed to attend there are fewer signs of grassroots

organisation among backbenchers. Mr Richard Holme, the chairman of the all-party Rights Campaign, said that about 50-60 MPs were definite, and he was confident of secur-

and productivity should be settled

in separate but parallel negotia-

tions. Union leaders also complain

that BT is trying to achieve too

When talks restarted in earnest

over the weekend it became evident

to Mr John Golding, the NCU's general secretary that they needed a

With discussions on this year's

claim pending, Mr Golding and se-

nior BT managers discussed setting

the negotiations on a new footing

by phasing the introduction of the

efficiency measures over a longer period than envisaged under the

Whether this ploy succeeds in

Mr Golding knows BT is unlikely

to deliver the separate deal his

members want. To avoid the dam-

age of a long strike or a return to

work without agreement, he is look-

ing for a deal he could recommend to his members without provoking

breaking the deadlock depends on

the political judgments of the lead-

new impetus to make progress.

much too quickly.

1986 negotiations.

ers of both sides.

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Sir Edward Gardner, the bill's main sponsor, and a senior Torv The disclosure of Lord Hail- backbencher, said yesterday he had sham's views is undoubtedly an em- been given assurances by the government whips that they would not use the ministerial payroll vote to defeat the bill. He claimed that there had been a "sea change" on part of "many influential members of the Government."

> Among the supporters on the Tory side are six former Cabinet ministers, including Mr Geoffrey Rip-pon, Mr Leon Brittan and Sir Ian Gilmour and 19 Tory backbench knights. There are 12 named Labour supporters, including Mr Roy Mason and Mr Bryan Gould, as well as all members of the Social Democratic Party/Liberal Alliance.

> At a press conference yesterday Mr Roy Jenkins said that if the measure was now law it would have had an immediate practical impact this week by giving the BBC the right to go to the courts on the issue of privacy and freedom of ex-

Third Market

attracts

50m tons deadweight in 1975 to 552 totalling 10.8m dwt, last year. The number of seamen employed in the industry has fallen from 95,000 to 33,000 in the same period.

brisk trade

THE THIRD Market, the new centre for trading in the shares of small companies introduced by the Stock Exchange, enjoyed an unexpectedly brisk opening last week by trading in shares worth more than £5m.

When plans for the new market were first mooted, there was concern that the preponderance of so many small companies would prove unattractive to investors, and that the third tier could become an illiquid forum, in which it would be difficult to buy and sell shares easily.

The Stock Exchange's statistics on the volume of trading conducted on the market last week suggest that such concern was ill-founded. According to the exchange, a total of 1,000 bargains were concluded in the opening week, involving 10m shares.

The pace of trading became more sedate as the week progressed, however, with 444 har-gains concluded on the first day and a daily average of 150 bar-

Eight companies began trading their shares on the new market's opening day last Monday and a ninth joined on the second day. The Stock Exchange says that there is still a high level of interest from prospective Third Mar-ket stocks and it expects 25 companies to join within the next few

The market makers dealing in the Third Market report that most of the demand for shares stemmed from individual investors, although there was some interest from the smaller institu-

City fringe site could be one of Europe's largest developments

BY PAUL CHEES

THE CITY of London Corporation sources committee, said any devel- permission for the development of has put up for sale one of the largest sites available for urban devel-

coment in Europe. It is calling for tenders to buy the Spitalfields Market, an 11-acre site which has been a home for vegetable and flower merchants for over a century.

Developers have been attracted to Spitalfields Market because it is inst outside the financial centre of the City. But it is also outside the City boundary, in the borough of Tower Hamlets which has planning authority over the site.

oper buying the site would have to the site. pay for a new market. "After that there has to be some money avail- no formal planning applications to able for ratepayers, probably for develop the site, a spokesman said. The developers with a declared in-

In return for selling a 150-year ease, the City expects developer to find an alternative market site, house the traders on it and hand the freehold to the City Corporation. The cost would be offset against the premium a developer that eventually it will receive six or would pay to the corporation for the

So far the horough has received

terest in Spitalfields are a consortium made up of London and Edinburgh Trust, Balfour Beatty and County and District, and the joint venture group of Rosehaugh Stan-

The City Corporation expects seven tenders, but the closing date is July 31, suggesting that potential buyers of Spitalfields will have to At the same time all proposals to buyers of Spitalfields will have to yesterday. Mr Peter Rigby, chairman of the City's policy and reman of the City's policy and repanied by Tower Hamlets planning making a successful bid.

Glasgow Airport set to expand

BY JAMES BUXTON, SCOTTISH CORRESPONDENT PLANS were unveiled yesterday for Last year the airport handled rector of Scottish Airports, said in

a major expansion of Glasgow Air2.7m passengers, a 15 per cent inGlasgow yesterday that the number
port, which could eventually cost crease on 1985, much of it due to an of air transport movements would

international flights, and an expan- Gatwick and Manchester. sion of the apron area.

An expansion of the facilities at 2,000. take at least five to six years.

Glasgow Airport has become infew years with the growth of both 280,000 sq ft of terminal floor space, holiday and scheduled traffic from has yet to be determined. British Glasgow, which has made the air- Airports Authority is scheduled to port severely congested at peak be privatised later this year.

The plans involve a near doubling This year it expects to handle 3m passengers handled, because of the of the size of the airport terminal, passengers. It is the fourth busiest use of newer and quieter aircraft airport in Britain, after Heathrow,

The expansion will allow Glas-Scottish Airports, a subsidiary of gow airport to handle between 5.5m British Airport Authority plc, yes-to 6m passengers a year. This terday lodged a planning applica-should enable it to cope with foretion with the Renfrew District cast demand into the next century. Council It wants construction work Scottish airports expects the numto begin next year, and expects it to ber of air transport movements to

upsurge in holiday charter flights. grow more slowly to the number of which would carry more passengers on each flight.

Glasgow Airport's role, as designated by the Government, is to handle domestic and short-haul European services. Transatlantic flights from Scotland are restricted to Prestwick Airport, which is near Ayr, about an hour's drive from

Dr Watson says that with "fur-Financing of the project, which ther tinkering" the expanded Glascreasingly necessary over the past involves the provision of some gow airport could absorb the traffic that currently uses Prestwick. The future of Prestwick is next due to be reviewed in 1989. But he did not think that the expansion of Glas-Dr Gordon Watson, managing di- gow would damage Prestwick.

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THE UK CAR MARKET

Best-seller Ford is in the driving seat

By Kenneth Gooding, Motor Industry Correspondent

FORD HAS decisively regained the initiative from General Motors, it US multinational rival, in the UK new car market. GM, the Vauxhall-Opel group,

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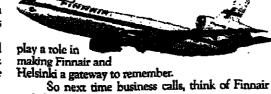


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HOW THEY FARED has almost doubled its market share in the past six years but in 1986 it lost ground for the WINNERS first time since it began its celebrated Japan Italy/Poland UK/W Gern 10 consecutive years of leader-ship in the UK car market by gaining share for the first time 485,620 18,984 5,159 15,314 3,077 17,172 18,086 11,208 105,517 24.51 1.04 0.84 0.17 0.99 0.61 5,76 4.03 0.18 0.46 0.24 0.21 0.21 0.21 0.25 5.67 515,367 20,499 7,495 20,312 3,386 17,982 19,987 11,811 109,914 67 84,667 3,705 808 10,331 5,917 12,775 3,974 4,288 35,802 27.38 1.09 1.08 0.18 0.18 1.06 0.63 5.84 0.10 0.55 0.36 0.21 0.21 0.23 0.21 0.23 0.34 0.34 0.34 Meanwhile, the potential threat to both US groups once posed by the state-owned Rover Group's car subsidiary, Austin Rover, faded last year. Austin Rover's drop in market share was exceptional—more than two 73,835 3,438 710 8,375 405 9,884 3,815 3,950 34,722 59,549 103,877 percentage points—and gathered speed as the year progressed. France/UK W German That left Austin Rover with less than 16 per cent of its domestic market, the lowest level since Austin and Morris merged to form the British Motor Corporation (mc'rus of the current Rover Group) in 1952. It also gave the company the unenviable distinction of being the biggest of the 1986 car market "losers" — those which suffered a drop in volume and LOSERS Alfa Romeo Italy FSO Poland Gen. Motors UK/W Germany/ market penetration, at a time when new car sales set a record by reaching 1.882m.

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284.517

67,691 cars. So, although in theory Austin Rover should be in line to benefit from GM's problems, last year this did not happen because Austin Rover's leading fleet contender, the Montego,

ŬĶ

only recently been launched.
This created a clear opening
for the Cavalier which GM
grabbed with both hands. The Cavalier's success in the best-seller, also helped the other cars in the Vauxhall range. Without it, GM's progress would have been much more mundane.

Now, however Cas in the company hoped for.

However, both Ford and Austin Rover expect to gain considerably from GM in the fleet sector this year, particularly in the important daily car rental business. Ford is soon to introduce a facelification and additional and additional company hoped for.

the next year or so.

to be replaced next year so, in spite of a recent big facelift for the model, they are already considerable

The key to the revival of Jaguar GM's Vauxhall business in Lotus Britain since 1980 is the Relian

Cavalier, which has become a Renau firm favourite with company Rover

The car was introduced when Ford's — and Britain's — best-selling car, the Cortina, was about to be replaced by a very different model, the Sierra.

Professional buyers for the

big fleets, which account for about a quarter of all new cars

registered in the UK, tend to avoid models which are about

to be phased out or which have

car fleet buyers.

upward surge.

Ford, however,

At the same time Ford of Britain has been working hard to make the Slerra more acceptable to the fleets — even going to the lengths of setting up, for the first time, a fleet sales Astra, has been relatively unsuccessful. It was expected to contribute 40,000 sales in its first year but sold only 25,000.

Some observers fear Vauxhall division headed by one of the group's most high-powered

division headen by one of the group's most high-powered senior executives.

The impact last year was clearly shown by the statistics for sales to leading fleets—those which buy more than 25 cars a year—compiled by the Society of Motor Manufacturers and Traders. While Ford's share of the fleet sector advanced from 45 per cent to nearly 48 per cent, GM's dropped from just less than 32 per cent to 27.7 per cent.

All of GM's loss was caused by the Cavalier. Its fleet registrations fell by 12.000 to 68.399. In contrast, Ford's Sierra gained 12,139 registrations to 71,178—enough to give it first place among the fleet best-sellers for the first time.

Mr John Bagshaw, Vauxhall's might be forced to return to might be forced to return to the ultra-aggressive marketing tactics which produced turmoil in the UK market in the early 1980s, when large extra bonuses were given by manufacturers to dealers, which encouraged them to give big discounts to private buyers.

Last year, while it was still possible for Mr Anthony Fraser, SMMT director, to complain that "despite the apparent buoyancy of the manufacturers and dealers has been at a disappointingly low

sellers for the first time. Mr John Bagshaw, Vauxhall's chairman, said his company "walked away" from big fleet deals because of the size of the discounts demanded, as the big rental and leasing companies played Vauxhall, Austin Rover and Ford off against each other.

Austin Rover's share of bigfleet sales fell slightly last year,
by 0.38 of a percentage point
to 14.37 per cent, but its volume

Menant apart from the last registered in the UK fell and the
importers' share of the market
only temporary. Its drop in UK
sales last year was caused by

Total imported car sales

was up a little, from 64,045 to the introduction of the replacement for its best-selling XJ saloons, which has been very well received.

demand for its sports cars. Production was held back by shortages of key components for revised models, while the company said it was not willing has not made the impact the to build cars with inferior components, even if that meant losing business. Reliant's three-wheelers are

more mundane.

Now, however, GM is facing the same problem that Ford faced when the Cortina went out of production in the autumn of 1982. The fleet buyers are be does not want to see his company and the company is from a poor in statistics) and the company is from a poor in statistics) and the company is from a poor in statistics) and the company is from a poor in statistics) and the company is from a poor in statistics.

As for the foreign by the foreign can be does not want to see his company is from a poor in statistics) and the company is from a poor in statistics.

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As for the foreign can be does not want to see his company is form a poor in the statistics.

per cent as this would put the tried another approach by self-dealer network under considering a majority stake in its preshowing considerable reduc-tance to buy many more of the model.

At the same time Ford of keep Vauxhall's share stable in and Milbourn. The uncertain-range has been very successful ties associated with this move To compound Vauxhall's diffi-culties, the new Belmont, the booted version of the Vauxhall helped cause another substantial drop in Alfa Romeo sales.

Renault is far from disappointed by its 1986 showing, even though it is among the "losers." Its new family saloon, the R21, was not launched until June to replace the R18 which had faded fast the R18, which had faded fast. In the second half-year, R21 sales reached 10,403, well ahead

last year sold many more light cars.
and medium vans—13,380 compared with 11,576 in 1985— strati making the UK subsidiary the group's largest van seller out-side France and taking total been at a disappointingly low level," the day of the big discount seemed to be over.

Companies concentrated on more subtle schemes, such as low-cost finance, to attract increased by 2.75 per cent from the precious according to the SMMT statistics, last year new car sales increased by 2.75 per cent from the precious according to the second by 2.75 per cent from the precious according to the second by 2.75 per cent from the precious according to the second by 2.75 per cent from the precious according to the second by 2.75 per cent from the precious according to the second by 2.75 per cent from the second by 2.75 per cent low-cost finance, to attract customers into their showrooms. the previous record level in 1985. In the past, high demand There were only eight "losers" in the car market last year, five of them UK-based companies—Jaguar, Lotus and Reliant apart from GM and has encouraged even more car imports but last year, for the first time since the 1950s, the number of imported cars regi-stered in the UK fell and the

nese, who registered a record 208,838 cars in the UK. On the other hand Ford and GM, the two leading importers, supplied more cars from their

remained above 1m, however. This was helped by the Japa-

UK factories. Ford boosted its UK-produced car sales from 271,524 in 1985 to 330,847 last year, representing an improve-ment from 55.9 per cent to 64.2 per cent of the company's total registrations.

GM increased the UK content of total sales from 44.4 per cent (134,756 cars) to 56.2 per cent (159,794).

Vauxhail's Mr Bagshaw advauxuaits mr isagsnaw admitted his company hoped to do better but could not afford to raise output at its two UK factories to full capacity because demand did not yet warrant it

Ford said its factories in Britain have consistently hit production targets during the past 12 months. However, the company said it is just a coincidence that this has occurred at a time when it makes much more financial sense to produce in the UK than to import from plants on the continent—particularly those in West Germany because the D-mark appreciated by 25 per cent against the

Among the 1986 "winners," record UK sales are claimed by Citroen; Colt, the Mitsubishi car importer; Nissan; Subaru; and Volvo.

Seat of Spain made an impressive start in the UK with 5,917 registrations in its first full year. Apart from Seat, the company showing the greatest growth rate—45 per cent—was Hyundai of South Korea, whose UK importer, International Motors, boosted registrations Lotus ran down stocks but from slightly more than 5,000 still could not keep pace with to nearly 7,500.

International said that it has taken some time for Hyundai to become established in the UK—the first cars went on sale in February 1982—but the turnover in dealers has almost ceased and the brand has won credibility. The sales target for this year is 13,000, rising to

not counted as cars (they are about 20,000 in 1988.

motor-cycles with sidecars for Lada, which sells Russianthe purposes of registration built cars, last year rebounded statistics) and the company is from a poor 1985 with a 32.6 disappointed in the reception of the new, small SS1 sports car. East European company, Skoda of Czechoslovakia, surged ahead

Citroen, part of the Peugeot group of France, is making rapid headway in the UK now range has been very successful and helped Citroen to a 25 per cent sales improvement last year. The company expects to make similar progress in 1987

story—the Range Rover, which showed a 25 per cent rise in registrations last year. But 1986 was really Ford's

sales reached 10,400, well ahead of the R18's 7,134 for the whole of 1985, and Renault's total car registrations in the total car registrations in the proved by 10 per cent, a good augury for this year.

Meanwhile, Renault's dealers the list of the 20 best-selling last year sold many more light.

strations in brackets): 1 Ford Escort (156,895), 2 Ford Flesta (143,712), 3 Ford Sierra (113, 361), 4 Vauxhall Cavalier (113, 475), 5 Austin/MG Metro (109,351), 6 Vauxhall Astra (80,067), 7 Austin/MG Montego (62,658), 8 Ford Orion (55,255), 9 Austin/MG Mestro (51,465), 10 Valishall Nova (48,485), 11 1985. In the past, high demand has encouraged even more car (39,407), 13 Peugeot 205 imports but last year, for the first time since the 1950s, the number of imported cars registered in the UK fell and the importers' share of the market slipped back.

Total imported car sales

10 Valishall Nova (48,485), 11 Nova (48,485), 11 Peugeot 205 (39,183), 14 Ford Granada (37,401), 15 Volkswagen Golf (35,773), 16 Nissan Micra (33,609), 17 Volkswagen Polo (32,791), 18 Flat Uno (31,099), 19 Renault 5 (28,570), 20 Peugeot 309 (28,257).

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ragrocs: Urpa†G.

Mr Jo Vice Lo Force:

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THE MOONIES of the manage-ment consulting business. The KCB of the industry. The firm where "machismo is second only to secretiveness." From its start in 1978, Bain and Co, the American management consultancy, gave few signs of being worried by these descriptions of itself. Indeed, by its reluctance to speak openly apout its operations, it seemed to be actively encouraging them.

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contains of maximum secrety. Now, as scandal swirts around its major Its foundar, Bill Bain, set out to build an elite corps of corporate strategists, serving a select group of clients under conditions of maximum secrecy. Now, as scandal swirts around its major ITS client Guinness. its major UK client, Guinness, Bain is receiving publicity of the most unwelcome sort. One of its staff, Olivier Roux, has had to resign as Guinness's director of financial strategy and development. Bain has also terminated its relationship with Sir Jack Lyons, its UK he had received £2m from Guinness for "valuable advisory

characteristically, Bain, characteristically, refuses to say anything about Guinness. But its plight is causing some nervousness among its fellow consultants. One London-based consultant admitted that the Bain affair "hasn't done a lot for the profession. Period." Their discomfort is all the more acute. discomfort is all the more acute because Bain is the premier practitione: of "relationship consulting," which was very much in sogue until the Guip-

ness scandal broke.

For years, consultants had been accused of presenting their proposals to their clients and then just walking out of the door. Bain was able to cash in on the dissatisfaction this caused by offering to establish far closer links with companies

than most other consultants.
In recent years the profession as a whole has tried to catch up. Almost all consultants began to stress that they help their clients to implement their pro-posals (Lombard, January 13). One made the point graphically in its advertising by showing a consultant's lily-white hand smeared with grease, the dirty hand illustrating not corruption, of course, but a willingness to

get down to work. In the wake of the Guinness affair, many of those same consultants are trampling over one that the way they do business is so different from Bain that there is no chance of their be-coming involved in similar

There are, it is true, some differences between Bain and the rest. Most consultants work on specific projects for their clients, hoping that this will develop into a long-term

Bain & Co

When close becomes too close for comfort

Michael Skapinker assesses the impact on the consultancy business of the secretive US firm's involvement with Guinness

Bill Bain: surrounded by an elite corps

Bain is not interested in pro-ject work. It wants to be in-volved from the start in the client's central strategic plan-ning, For this reason, when three or four consultants are invited by a company to bid for work by making presentations on how it would solve a particu-lar problem, the conventional wisdom is that Bain will never be among them. It refuses to

compete in this way.

Some consultants are sceptical
about this, arguing that Bain's
alleged refusal to make competitive presentations is just part of the mystique it tries to create about itself, One American consultant says that he can recall three occasions on which he has competed with Bain for business. The Bain view is that if it does compete for business, it will be because the notential client is looking for a consultant to help with its overall strategy rather than with a

specific project.

Dean Borry, who is a main board director of the rival MAC consulting group and who teaches at London Business teaches at London Business School, says that Bain's strategy is "fairly crisp and straightforward, They say, 'we want to work for one of the industry leaders, we want them to become the most successful in the industry and we're going to help them to do that'."

The companies they identify

Bain does try to find out which might be amenable to such an approach. In London, Sir Jack Lyons, described by one former Bain partner as "just basically a hired hand," was expected to take such soundings and help to

drum up business.

Berry says that Bain expends great effort on building up data about the company, looking at about the company, looking at its products, markets and competitors. With a mass of detailed information, Bain approaches the company, asks if it can make a presentation free of charge and then, in Berry's word, "blows them away. They are wheeled in for a presentation by Bain and come out reeling two to four hours later saving two to four hours later saying, 'how can we do without these guys?' Rain holds out an added inducement: it limits itself to only one company in a sector and refuses to work

for competitors.

Bain is understood to regard this view of how it attracts business as slightly simplistic. It does not believe that it could, as an outsider, develop in advance the sort of knowledge of a client's business which would enable it to "blow them away." But it does, after approaching a potential client or being approached by one, formulate

come the most successful in the tindustry and we're going to help them to do that'."

The companies they identify might not even have considered taking on a consultant, although a client's chief executive, while

at the same time working with aspect of Bain's operation: its the managers of the division or section involved in the project. Bain carries this a step further: its relationship with the chief executive takes precedence over its relationship with anyone else in the

company,
The close ties which Bain had with Ernest Saunders, Guinness's diamissed chief executive, were a model of what the consultancy aims to achieve. Once Bain is known to have the ear of the chief executive, it has the power to enforce its will lower down in the client organisation, its clients say. Bain maintains that it tries

company. This is important, because Bain sends large numbers of consultants to work with the client company. Around 50 Bain consultants are reported to have worked at Guinness, some involved in fairly menial man-agerial tasks. The "Bainies" almost become part of the

to win the support of all

the powerful figures in a client

client's organisation. Not all high-flying Masters of Business Administration gradu-Business Administration graduates are attracted by such a prospect. One, who spent a summer as an intern at Bain, turned down a permanent offer there and work instead for example."

Summer as a intern at Bain, implementation as such. We provide no subsidiary managers, for example." ates are attracted by such a prospect. One, who spent a

distaste for the written word. distaste for the written word. Rather than handing over written reports to clients Bain prefers to make verbal presentations with the assistance of visual aids, "It's a convenient way of not being held responsible for complaints. That's one of the things I didn't like about the firm," he says.

The Guinness affair has demonstrated some of the dangers.

monstrated some of the dangers of the Bain approach; such a close relationship with the chief executive and with his company means that if the company finds itself in trouble, some of the mud will stick to the consulworking full-time for the company-in the case of Guinness even sitting on the board-there is also the constant danger that objectivity will be lost. So how are other implementation-minded consultants plan-ning to avoid this trap? One consultant from a firm which advertises its commitment to implementation and to working with the people at the top says the difference between his firm's approach and Bain's is

ment is never open ended. Others are prepared to admit that there are potential pitfalls. Richard Ball, vice-president of the US consultancy Cresap, McCormick and Paget, is pre-pared to concede that a close working relationship with a client can become slightly dis-orientating. "Sometimes you orientating. "Sometimes you have to kick yourself to remind yourself that you don't work for the client." There are ways in which that can be counteracted, he says.

One is to move consultants to a different client if they appear to be getting too involved with

John Harris. European president of consultants Booz Allen and Hamilton, also concedes that implementation has its dangers. "You can't just work for clients when the sun is shining. If you're working for a client and doing an implementation pro-ject and the client becomes upprofitable or something like that you can't simply leave," he says. But, he adds. "I don't think the issue with Bain is implementation. It's conflict of interest. If somebody wanted a parson of ours to be and a person of ours to be chief financial officer we would suggest either that he not do so or that he leaves our firm. We would not want the financial risk of being subject to the ravages of shareholders' suits or whatever." Bain is understood to be

claiming that the appointment of an employee to a client company's board was unprece-dented and was in contravention of the rules it had established for itself. Bain agreed to Roux's appointment only after urgent requests from Guinness. It regards Roux's appointment to the Guinness "Instead of routine staff, the board as a major error of judgment, which should not be repeated."

"Instead of routine staff, the need is for managers to manage innovation, to develop new products, to plan market-

Any re-evaluation of its ing operations which Bain carries and out in the wake of the Guinness affair is likely to focus on administrative procedures to said, "new recruits are not affair is likely to focus on affair is likely to focus on administrative procedures to prevent such errors happening, bankers as such, but systems and financial market experts, and financial market experts, Bain philosophy. In the words of the former Bain partner, "it's really impossible for Bain to change its philosophy of putting in case teams with a really close relationship with the client, because that's what Bain is all about." It is, of course, in Bain's in-

terest to claim that the Roux affair was an aberration. Bainles no doubt hope that they can continue to pound away on the treadmill in their basement gym Dichotomy between experts and the rest

Michael Skapinker on staffing trends

THE management guru Peter Drucker calls them "double-headed monsters": companies which have two different groups within their middle and senior ranks. One group consists of traditional business managers, the other of a growing number of in-house professionals and technical experts - accountants, lawyers, designers and information technology specialists.

With organisations in advanced economies becoming more capital-intensive and more dependent on technology, the role of professional and technical specialists is becoming increasingly important, Susan Segal-Horn of Brighton Business School told a recent conference at the UK's Ashridge Management College. The British banking sector is

good example of the process, she said. Over the past few years, the pressure on the banks has been unremitting. Many foreign banks have entered the UK market, customer loyalty has decreased and a bewildering variety of new products and services has sprung up: electronic home banking, automated teller machines, and investment portfolio management, to name but a few.

and distribution systems information systems detion specialists.

In retailing too, greater com-petition and market segmenta-tion has meant increased emphasis on design, information technology and—with the deve-lopment of new and larger shop-ning sites—property, portfolio ping sites property portfolio management.

But integrating these professionals into the structure and panies and the organisations culture of the company presents which establish and monitor special problems.
Unlike the traditional busi-

As with all educational experi-ences, what is learned is more than simply the factual and con-ceptual material, but also a way of thinking, a state of mind and standards of behaviour. In the case of professionals this has formal embodiment in Codes of Practice by which, in principle at least, acceptable professional conduct is judged." Segal-Horn said. The number of professional associations has grown too, with the advent of such bodies as the Institute of Sales Wanagement Management,

The presence of the technical experts and professionals can have a disruptive effect on the running of an organisation.
Professionals are hired to exercise an independent judgment, which can at times conflict with

which can at times connect with the goals of the organisation. "The role of the professional is that of the expert. Technical expertise is based on specialist knowledge. Experts are there-fore self-regulating, since only other experts are competent to judge their knowledge and per-formance. This enables fairly junior professional staff to deal directly with managers at far higher levels of seniority and for professionals in general frequently to bypass the formal management power hierarchy, Segal-Horn said.

Auxiliary

The rise of the professionals looks set to continue. Segal-Horn recalled a prediction by Professor Charles Handy that by the turn of the century organisations will consist entirely of a professional core of experts and a small auxiliary staff, with the flexibility to react quickly to technical and market changes.

If the professionals are that important to the future success of these organisations, how can companies best monitor their performance? One way, said Segal-Horn, might be to streng-then the links between comprofessional codes of conduct. "Their role as auditor of suitprospect. One, who spent a summer as an intern at Bain, turned down a permanent effer there and went to work instead for a rival consultant. "I wanted to do consultant, not management for hire," he said. The MBA objected to another and that their commit-

FINANCIAL TIMES CONFERENCES

The London **Motor Conference**

-Manufacturing, Components and the Aftermarket

London, 17 February 1987

The Financial Times is arranging an important one-day Motor conference to be held at the London Marriott Hotel on 17 February 1987. The meeting is timed to coincide with the Autopartac '87 Exhibition being held at Olympia, 15-17 February. The proceedings will be chaired by Mr John Neill, Group Managing Director, Unipart Group Ltd, who will give the opening address. Other speakers will include:

Mr John Hardiman Vice - President, Parts & Services Operations Ford of Europe Inc

Mr Tom Farmer **Chief Executive** Kwik-Fit Holdings plc

Mr Bob Barber Investment Analyst Phillips & Drew

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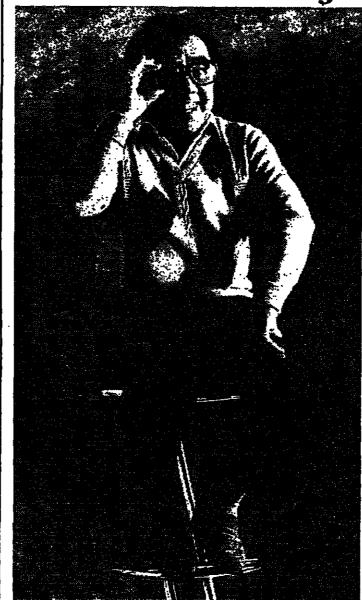
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Prof Krish Bhaskar Director, Motor Industry Research Unit University of East Anglia

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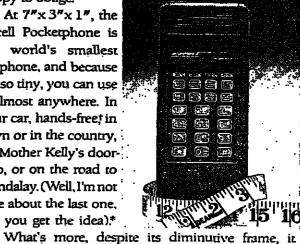


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JUST AS General Motors was taking the wraps off its test-bed factory of the future" at Saginaw, Michigan, last week, Mr Ken Olsen, president of Digital Equipment Corporation (DEC), fired a broadside at MAP. GM's new data networking system for factories. GM is using MAP to allow automation units of any make to communicate at Saginaw and several other of its plants in the US. DEC has been a major supplier of MAP equipment to GM.

Asked whether he thought the MAP development effort was worth it. Olsen said bluntly: "I can't see how it is."

Olsen thinks MAP tries to achieve too much technically and is too expensive to imple-ment. He believes GM's needs could have been met by further development of an existing pro-prietary system (presumably DEC's). He suggests that devel-opment of networks by GM is "rather like me wanting to make cars."

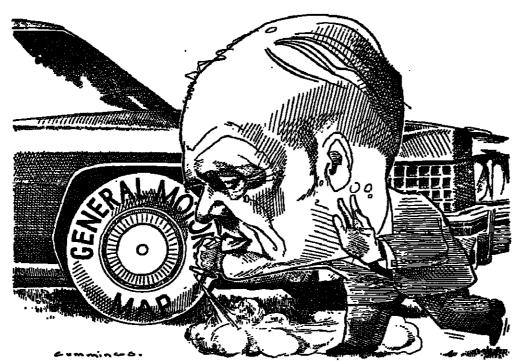
MAP (manufacturing automa-tion protocol) is a computing/ communication software technology which allows automation equipment (robots, machine tools and programmable controllers for example) from dif-ferent makers to "talk" to each other under computer control on the shop floor.

MAP was pionered by GM from about 1980 when it realised it was accumulating factory automation systems that were incapable of concerted operaincapable of concerted opera-tion because the electronic language used was different in each case. Since then GM has promoted MAP in many parts of the world.

As the International Standards Organisation (ISO) in Geneva during this time had started to develop formal standards for factory communica-tions, GM decided to base MAP on the ISO's seven-layer soft-ware model covering everything from basic electrical signals on the cables to the format of the factory information they carry.

The aim was to determine equipment and software specifications rapidly without waiting for full sets of standards from the ISO. In the face of severe competition from the Far East, GM needed to get its plants modernised as quickly as possible. Automation suppliers to GM have had to conform or risk being dropped by the company. At the same time, to allow such suppliers to achieve volume production and low prices, GM has tried to encourage wide use of MAP by other manufacturers.

So why should the president of the world's third largest computer company speak out so openly against the Detroit



DEC chief attacks GM's automation initiative

Is the 'factory of the future' worth all the effort?. Ken Olsen does not think so, reports Geoffrey Charlish

programme, announced its first MAP products, manufacturing

MAP is proving too expensive to implement, largely because of its complexity—Olsen

executives must now be wondering what DEC's true It is difficult to believe that

Mr Olsen was simply expressing a personal view which will somehow leave DEC's corporate policy on MAP unaffected. A policy on MAP unaffected. A reasonable theory is that he is preparing the market for DEC's withdrawal from the MAP

initiative? He would not give scene, perhaps having decided reasons. And since it was only that the company's money last autumn that DEC, already could be better spent on devepublicly committed to the GM loping proprietary networking

products.
Another suggestion (from vithin UK industry) is that DEC is not as ready as it would like to be with MAP and so is seeking to slow the pro-gramme's progress.

MAP, however, now has con-siderable momentum, with many major electronics / automation suppliers and potential users pledging support or commit-ment. In the UK, the Depart-ment of Trade and Industry supported a £1m awareness exercise in Birmingham last November. The DTI reaction to Olsen's views is that although it does not necessarily regard MAP as ideal, it does see it as a step towards computer vendor independence (the ability to interconnect different makes of automation unit together). An

TOP (technical office protocol,

a similar initiative by Boeing for factory offices) so that com-panies can use what is appro-priate to their business needs and not just the equipment that is available to them if they

It works. We have three bus and truck plants and three car plants to prove it -General Motors

become locked into one supplier." But Ken Olsen feels MAP is

official statement continues: has spent so far on its own benefits and those that facilities the DTI supports MAP and implementation.

TOP (technical office protocol, The fact is that DEC, IBM TOP is the correct route."

and other vendors with existing proprietary networking pro-tocols are having to face both ways. They feel compelled to support MAP in view of GM's influence but at the same time must recoup money spent on developing their own systems by winning orders for them.

Perhaps IBM, too, has dropped a hint by using its own factory networking, not MAP, at the recently opened IBM computer integrated demonstration unit at Warwick in the UK.

Mr Mike Kaminski, the MAP project manager at GM, was clearly astonished by Mr Olsen's remarks. He said: "MAP works" and pointed out that there are three GM bus and truck plants and three car plants to prove it. By the end of 1988, GM plans to have 30 plants running on MAP. (But plants running on MAP. (But GM has not announced whether there are any "live" MAP installations outside GM.)

The feeling at GM is that whatever Ken Olsen's personal views about MAP might be, its acceptance is becoming more widespread by the day.

In fairness, Mr Olsen admits there are two views inside DEC. Many there feel the cor-DEC. Many there feel the corporation has to support MAP because of the GM backing. But Olsen's view is clear enough. He says: "If, like GM, you must have your own thing, then you'll have to pay for it."

Coopers and Lybrand Associates, the UK consultancy that organised the technical side of the MAP demonstration in Bir-mingham, takes issue with Mr Olsen. Consultant Andrew Gray insists there is an over-riding need for standards and that a fresh start at GM has produced a neutral result in which no single supplier has an advant-age. He believes market research has shown that DEC's networking products are not a complete solution, although they are better than IBM's product. MAP, he says, is now very widely supported.

The reaction from the European MAP Users' Group (EMUG) was also one of astonishment. Its chairman Colin Hoptroff (a Jaguar executive) said: "European industry urgently needs to deploy computer-integrated manufacturing (CIM) in a cost-effective way to enhance its world competitiveness. The current incom-patibility of vendors' equipment does not allow cost effective large scale CIM. MAP enables vendors to preduce products that are readily inter-operable. He concludes: "If DEC wants proving too expensive to implement (largely because of its complexity) and his view is perhaps confirmed by GM's reluctance to say how much it urgently needs the potential benefits and those that featilitate urgently needs the potential benefits and those that facilitate this will get the orders. MAP

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WORTH MATCHING

Edited by Geoffrey Charlish

Adding atmosphere to a conversation

RACAL AVIONICS of the UK is to develop and supply air-craft systems for passenger telephone conversations with the ground. These will operate via satellites and are being built under a \$1.4m contract recently awarded to Bacal by Inmarsat, the inter-national maritime satellite

One of the subcontractors to Racal is Airfone, which already runs an air-to-ground system in the US. This uses numerous ground-based trans-mitters and receivers working

to and from an aircraft as it passes overhead. In the Inmarsat system, the aircraft alms a directive aerial at a "local" satellite, which then makes the link with the ground. Lower cost and higher reliability are

expected.

The first technical trials are planued for the summer, with commercial trials, ou scheduled British Airways flights, taking place at the end of this year. Full service is expected by late 1988 (by which time Immarsat's earth testers, which will connect stations, which will connect the satellite into the phone network on the ground, will

be ready).

The equipment developed will contribute to the introduction of a service that will provide voice and data communications worldwide via satellites and earth stations. Several countries apart from the UK and US are expected to establish the necessary ground stations.

Aivey delves into hidden depths

FOUR UK industrial, govern ment and academic organisa-tions are to collaborate in a £2.5m three-year Alvey project to produce an advanced

machine vision system. Alvey is a UK Government initiative to fund and encourage information technology research.

The groups involved are Thorn EMI (Hayes, Middle-sex), Laser-Scan Laboratories of Cambridge, RSRE (Royal Signals and Radar Establishment) of Malvern and University College, London. The main objective is to

process stereo images to produce an array of depth values for all points in the picture. Then, in a factory automation system for example, the vision system will not merely recognise objects, or features of objects, but will be able to register shape variations in depth. Three dimensional mapping is another

important application.

Parallel processing (essentially the use of several processors at once) will be employed to allow the system to give almost instantaneous answers about what it sees. Immos transputer chips will

WORM's turn in Uxbridge

ONE OF the largest suppliers of information services, the Institute for Scientific Inforinstitute for Scientific Information of Unbridge, UK, is to use 5.25 inch WORM (write once ready many times) optical disc equipment from Computer and Aerospace Components (CACL) of the UK The content will be used UK. The system will be used to store information on chemicals.

chemicals.

An advantage of WORM over CD-ROM (compact discread only memory), its main competitor, is the fact that the user can add data of his own and can retrieve data more quickly. Each disc can hold the equivalent of 200,000 sheets of A4 paper and a 10-year guarantee against data loss is provided.

More in store from Hitachi

HITACHI EUROPE is offer-ing a 225 mm (8.8 inch) disc drive which it claims is the smallest machine of this type capable of storing over one gigbyte of data (1,000m

eigbyte of data (1,000m characters).

The whole unit, with nine discs and 15 data heads, measures 250 x 216 x 550 nm. Known as the DK\$15-10, the drive offers twice the capacity of the Japanese company's previous comparable product-A new head-actuator design and the use of thin-film heads have reduced the average access time to 15 milliseconds (thousandths of a second).

The good news is Selling technology

Hi-fi's room for manoeuvre

DANISH COMPANY Bang and Olufsen, KEF Electronics (the UK loudspeaker company) and the Danish Techni-cal University are to co-operate in a five-year research project within the Eureka programme (the European Commission's technology initiative).

The research objective will interest all hi-fi buffs. It is to examine the well-known problem that the sound from speakers varies in quality according to their position in a room and the nature of the room itself (size and furnishings, for example). KEF says:
"It would be much better if this variation in sound quality could be eliminated."

The hope is that through a more complete understanding of "why things sound as they do" new techniques of sound reproduction might be developed.

Bell Labs. trips light fantastic

RESEARCHERS at AT&T Bell Laboratories have set a record for the amount of information that can be sent down an optical fibre per unit of time.

Using a pure, single frequency (colour) of light the engineers have succeeded in transmitting 2bn bits in a second. This is very roughly 200m characters of text or 200 megabytes of data. A megabyte is equivalent to about 30 pages of text in a broadsheet newspaper.

The data was sent over 170 km of fibre without using a repeater (device for restoring the strength of the digital light pulses). The massive data rate over such a long length of fibre is the result of research into more powerful lasers to send the signais and more sensitive detectors to receive them.

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Company Notices

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In accordance with the standard conditions relating to the payment of the dividends declared by the undermentioned companies on 14 January 1987, payments from the office of the United Kingdom Register will be made in United Kingdom Currency at the rate of R3.148110 South African currency to E1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South African and the United Kingdom on 2 February 1987 as advised by the companies. South African bankers.

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(All companies are incorporated in
the Republic of South Airica)
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(Registration No. 01/01078/06)
New Wits Limited
(Registration No. 05/04822/06)
Vogelstrusbult Metal Holdings Limited
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London Office: 31 Charles II Street St James's Square London SW1Y 4AG 2 February 1987

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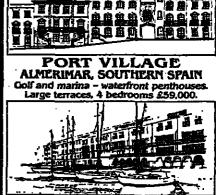
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Johanneaberg: Editorial 706 Union Centre West, 52 Simmons Survet, Johannesberg 2001. Telex: 5250-538. Tel: 03-265 407 Flor. Telex: 52-506. Advertising Permanent House, The Headrow, Leeds LS1 80F. Tel: 03-2454989.
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Paris: Editorial, Advertising and Circulation Centre of Atlaires. Le Lower, 168 Rue de Rivisia, 75044 Paris Cede 01. Tel: 220044. Editoris Tel: 010-331-2877 0627/67/18. Advertising 1el: 010-331-4877 06206230630.

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Trittico/Royal College

Max Loppert

of Music — surely now the best of Music — surely now the best small space for music theatre in London — is of Puccini's Trititico. The composer himself deplored the name (the panels in this triptych are thematically unrelated) but resperted the early tendency to separate its three parts. The RCM staging is by Graziella Sciutti, conducted by the College opera chief. James Lockhart; it would probably have hart; it would probably have pleased Puccini for more than just its completeness.

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With the wavering exception of Gianni Schicchi, the Trittico one-acters have disappeared from the bills of most opera houses (Suor Angelica has become, indeed, a staple for opera schools with large continuents of female students). In gents schools with large contingents of female students). In
any account of these works by
not fully mature performers
the likely sufferer is the most
remarkable of the three pieces
— Il tabarro, that perfectly proportioned tale of blighted lives,
tainted hopes and gradually
exposed violence, compassed by
the musical image of the the musical image of the quietly-flowing Seine.

Adult passions are perhaps the hardest thing for students to portray unembarrassedly; and though Sharon Lloyd's and though Sharon Lloyd's Gioretta and Marc Thompson's Luigi were vocally of decent promise, they tended to semaphore their way through the action. Of Guy Harbottle's Michele the reverse was true— interesting presence, underpowered baritone. Blair Wilson's Tinca and the ballad-seller of Philip Sheffield made their mark; in every small detail, what a masterniere!

The closing comedy, usually a sure-fire Puccini hit, slightly missed its target here. The master coarse; the scheming manners of the various parties were crudely conveyed (only required formidable middle-classs propriety); and Mr Lockmark; in every small detail, what a masterniere!

timbres and rhythmic subtleties genius. Opera in a small theatre of the score so perceptively. Is one of life's reliable plea-Paul Gambrill's single set, a sures. Final performances chain of red-brick porticos, tomorrow and Friday.

The first full operatic pre- affords neat reshaping for the sentation in the new Britten other operas—the convent Theatre at the Royal College cloister of Suor Angelica was probably its most effective con-

> able jailer (the Princess) and pitiable prisoner (Angelica) set at the heart of a sentimental fable, came off best, as it often does. The female cast responded to its winsome humours with relish, and the main characters were delicate and unmelodramatic. Linda Clemens (Angelica) could not soar to-(Angelica) could not soar to-wards the final miracle with absolute freedom, but in "Senza mamma" disclosed a warm, rounded young soprano; as the Zia Principessa the mezzo Helen Hessey-White (also Frugola in Tabarro and Zita in Ginna Schicchi) was probably the Schicchi) was probably the evening's discovery—a tall. commanding actress, a big voice boldly used. Like almost all of her fellow players she urgently needs to sharpen her Italian delivery.

Miss Sciutti should be praised of Puccini's motor rhythms and harmonic asperities. Altogether, though, a good even-obtrusive accuracy, and Mr. Lockhart and his excellent quickly passed, a reminder of the mistily mellow viola timbres and rhythms.

The Viewing/Greenwich

Martin Hoyle

begins intriguingly enough. Mr Guest and his dowdy female companion appear from no-where to view the Turner's comfortable north London house (asking price £350,000). His unelided speech gives the impression of English learnt from a phrase-book: "There are a lot of plants in this room.

The front of the house is noble." Remarks become personal: "Hardly a beauty." be comments on glimpsing the daughter of the house. "Not a virgin either." He proceeds to illustrate an intimate knownledge of the Turners—Bess, her son and daughter, the first weapon of total world destruca lot of plants in this room . . . The front of the house is son and daughter, the first husband that she abandoned for Fred, now the children's I expect he'll get a knighthood," hated step-father.

He also has a briefcase full of bank notes totalling twice the price of the house; and, most unnervingly, emerges effortthe now rattled family has he from the performances in the now rattled family has he he hocked him. Finally, when his thin-lipped assistant protests, at a request for his ID, that God needs no ID, we know we are than the performance in the p back in supernatural visitor

This deity in a grey flannel

David Pownall's new play theatrical, besides symbolic, surprise is sprung at the eventual entrance of the muchdiscussed, ruthless Fred: he is blind (guided by a charming Alsatian, actually).

Thereafter the author seems uncertain where to go. Act 2 starts as a comedy as the family, now believing they are tion," he informs Bess.

Somewhere a fizzing intellectual squib has just failed to ignite. Though left puzzled and unnervingly, emerges effort dissatisfied, we still draw plea-lessly from the cellar in which sure from the performances in others) the British theatre is so good at. Graeme Garden's of the Third Floor Back, with a fleeting reminder of James Sewith have surprisingly likely Bridie. Bertram (the marvellous Ayckbourn stalwart from Intimate three-piece has come for Fred, Exchanges) as the angelic assis-home-breaker, wife-stealer and, tant has, alas, even less. As it transpires, Cambridge for the kids, Greg Crutwell's physicist who has just perfected truculent Ian is vigorously a million-megaton bomb under dual Washington-Kremlin control that may well destroy the world as playgoers know it. A putative non-pucelle.

Television/Christopher Dunkley

Eurosoap can't wash away Dallas



Denis Sangnant and Chantal Nobel in 'Chateauvallon'

business newspaper, dismissed it as "limited series with a limited future." That has proved to be nearly as wide of the mark as the Daily Mirror's verdict in as the Daily Mirror's verdict in 1950 on a new British series which it said "is doomed from the outset, with its dreary signature tune and grim scene of a row of terraced houses." That was Coronation Street, of course, which, 27 years later, is still attracting the two largest audiences of the week, although East Enders slides past in the EastEnders slides past in the BARB ratings by adding in a

weekend repeat.

However, although it may be handy for tabloid newspapers (and for the growing number of tabloid television programmes such as Open Air and The Televisions Show) which live, increasingly, on the backs of popular television drama series, to categorise them all as "soap operas," Dallas and Coronation Street are actually

American radio serials pro-moted by detergent companies

tic, but their social circum-stances, attitudes and incomes must be very like those of the listeners or viewers. In the US you can still see

soaps of this type—The Guiding Light, Search For Tomorrow, As The World Turns—which have been grinding on for donkey's years, and pretty dreadful they are. Even the old rule "Just know your words and don't bump into the furni-ture" is frequently broken. The acting in British soap operas is often rather better, and the plots tend to stick closer to reality, so that they are even more mundane, even more similar to life as experienced by the audience.

The ideas at the centre of Dallas and its imitators, notably Dynasty and The Colbys, are the very antithesis of this. These are high-budget producas soap operas. Datas and these are ingroduct in Street are actually sworlds apart.

The essence of an authentic not for the daytime but mid evening. The Ewings, the Caramerican radio serials prod by detergent companies merely richer than the average which the term arose, viewer, they are rich beyond the

In the beginning there was they should last 30 minutes or realms of fantasy. In recent Dallas which, believe it or not, less, be frequent cheap, and set is now in its 10th year. When in a milieu similar to that inhabited by most of the audiher money back so, in the last ence. What happens to the business newspaper, dismissed characters may be melodrama-acquaintance (not a friend, but the state of the stat a competitor/enemy as far as a non-regular viewer could tell) who was beside his swimming pool, and said he wanted "a small loan." How much? Oh, six million would do. The matter was settled there and

> In Dallas, people drive around habitually in Rolls-Royces, Mercedes and those bizarre American cars which have a boomerang on the boot and are so long between the front and back wheels that they appear to be in danger of collapse. If there has been a single murder in Coronation Street's 27 years I am not aware of it, but J.R. is currently dealing with yet another murdered body which turned up in his office.

Everybody in these glitz series is sexually attractive, and the women are always dressed as though about to take part in the final walk-down of a beauty contest: bosoms and bettoms busting out all over, hair freshly Carmen-ed, lip-gloss and blusher so miraculously adhesive that repeated showering and swimming have no effect. Even the matriarchs especially the matriarchs when you think of Joan Collins—are sexual dynamite. At the end of the last episode of Dynasty La Collins, 51, marooned in a hut during a thunderstorm, was naked (as far as we could tell) and panting ecstatically in the arms of a vigorous young man known in the oil business. I believe, as a "tool pusher."

arreany won: this is a slavish copy of Dallas in which sex. arrow. family feuds, huge quantities of mone, and murder tries of mone, and murder are mixed together in exactly the same proportions. Stephanie Beacham, arrayed in as astounding white frock which managed to somehow to in ness, was drawling down the telephone "Eric, this is Mrs Colby. Have the small jet stand-

ing by, I'm flying to Las Vegas." The outstanding international success of these series has appalled and terrified Europe's public service broadcasters. They have always known, of course, that given half a chance their own viewers would watch Gunsmoke or I Love Lucy or Kojak as avidly as the Americans or the British, but for a long time they had complete control over the evailability of such material.

At the end of The Colbys It was about six or seven years ago that they began to

appeal of Dallas and its ilk coincided with the appearance of cable and satellite on the horizon. Today that television revolution has advanced considerably, and de-regulation has come to Italy and is coming to France. Among public service broadcasters talk of "American cultural imperialism" is now all the rage, and in the winter of 1986 they met in Vienna to try to erect barriers against the advance of Coca Cola Culcher.

When you remember that quired to finance a special tele-vision channel in Wales, S4C, which shows the world's highest per-capita cost programmes in an attempt to hold back the spread of English and respread or English and re-popularise Welsh, it is not diffi-cult to imagine the lengths which the French might go to in similar efforts. In their case it is not only the hated en-croachment of English upon their beloved language, but the belief that all sorts of distinct European cultures are threatened by the world of the Macdonald hamburger.

For several years it has been argued that attack is the best means of defence and that European broadcasters should fight back by making Europe's own answer to Dallas and Dynasty. Co-production is thought to be the way forward, since it can maximise budgets. There has been much talk of a modern version of Compact, the old British series set in the offices of a glossy magazine, but now with the offices of the compact of the called Impact, with its offices in Brussels or Paris, a multi-European cast, lots of location shooting all over the Continent and in the UK, and versions in several different languages shot simultaneously.

That may yet come about. But in the past fortnight we have been made aware that Eurotelly is already with us in the form of Chateawollon, a "gleetz" series co-produced by companies from France, Italy. Luxembourg and Switzerland with even S4C contributing. And what can we conclude after two episodes on Channel 4, with a dubbed version going out during peak hours and a sub-titled version at a time when practically nobody can see it?

Well, sure enough, in Chateauvallon they smoke Gitanes. The cars are Renault and Peugeots. The women do not yet seem to have discovered not yet seem to have discovered satin nightie-negligée sets with deep décolletage and shoulder pads; they wear ordinary old cotton things. The money is reckoned up in francs instead of dollars, and the police wear pillbox hats instead of stetsons. But if Chateauvalion proves one thing above all it is that American cultural imperialism has already won: this is a slavish copy of Dollas in which sex. American original.
Of course it is made largely

in the commercial sector (though there are public service bodies involved) where the concern is perhaps more to do with preserving European profits than European culture. But if the public service broadcasters ever do get their act together. how are they going to avoid falling into precisely the same trap and producing yet another pale version of Dallas with a funny accent? Will the cameraman be told to tilt from the caviar canapés up to the Tiepolo on the ceiling? Will the seductive divorcée with the big bust play the viola? Perhaps the J.R. leabhlis will be revived to lookalike will be required to keep on quoting Verlaine like some Gallic Rumpole? Ze mind boggles.



Maria Calegari in 'Variations Pour Une Porte Et Un Soupir'

New York City Ballet

David Vaughan

the technique of his dancers to its limits and beyond, both in his choreography and in his company classes. Other house choreographers of the New York City Ballet have largely been content to mine the rich been content to mine the rich vein of his discoveries.

The one work the company has presented since his death that seemed to suggest a direc-tion in which further extension of the vocabulary might go was Brahms-Handel, the collabora-ration between Twyla Tharp and Jerome Robbins, given in 1984. This ballet, a great success with the public, was dropped after a couple of seasons, one explanation being that Tharp's unconventional usages caused dancers injury, as if no-body ever got injured dancing a Balanchine ballet.

The idiom Balanchine inven-The idiom Balanchine invented for his modernist works like Agon, Episodes, and Violin Concerto represents a deformation of the danse d'école as extreme as anyone has ever devised. It is, however, just that —a personal idiom, not a language; ballets written in it by thes characters have including other choreographers, including the house choreographers I have mentioned, inevitably look second-hand.

A typical example is Peter Martins' new ballet Ecstatic
Orange, first given on January
15, on the same programme
with Agon, from which it lifts
several compositional devices.
It's the kind of ballet that an nounces its would-be modernity by having the dancers stare angrily at the audience, while they assume a series of stop-

The title is taken from the music, a monotonous, if mercimusic, a monotonous, if mercifully short, orchestral piece by Michael Torke. The hapless dancers are dressed, by Stephen Sprouse, in shiny black leotards with little black aprons trimmed in orange and pink.

Ecstatic Orange is part of what was billed in the season's schedule as "New Ballet No 1." The first part, also by Martins, is to Mozart's Les petits riens, composed for Noverre in 1778. It is hard to believe that this ballet is the work of the same choreographer as Ecstatic Orange. Martins' purpose in the Mozart is simply to display the talents of eight of the younger dancers, some of whom one had dancers, some or wnom one nau spotted at School of American Ballet Workshop performances before they graduated into the company: Zippora Karz, Peter Boal, Wendy Whelan, Richard Marsden, Margaret Tracey, Jeffrey Edwards, Kelly Cass, and Carlo Merlo.

They are presented here withour cuteness or condescension. The music has stimulated the music, as they say in the Martins' inventiveness — the business, matching every creak ballet is full of pretty steps-- and gasp.

George Balanchine was without straining his structural deeply concerned until the end capacity; the brevity of the of his active life with pushing numbers saves him from the numbers saves him from the prolixity of A Schubertiad a few years ago. The new hallet is in fact formally very satisfying: an opening ensemble, in which all the women and then all the men have each a brief solo, followed by four duets, some with some without separate variations then a final separate variations, then a final ensemble. This is a sweet ballet, and one hopes that it won't always be given in tandem with Ecstatic Orange.

> The company finds ways to refurbish the Balanchine repertory, some more successful than others. At the end of the 1986 spring season his version of Swan Lake Act 2 was given a new scenie investiture by Alain Vaës, who had previously designed ballets for Martins and Jean-Pierre Bonnefoux. Balanchine seems always to have han-kered to do this ballet in black and white: Vera Zorina wore a black tutu as Odette in the 1940 film I Was An Adventuress, and Cecil Beaton's original decor for New York City Ballet was drawn in white on black, like a drawn in white on black, like a 16th century engraving in negative. Vaës puts the corps de ballet in long black dresses (Odette is in white), and sets the lake at the foot of a glacier. Icicles hang from the borders and wings. Certain changes have created into the choreography evidently the work of raphy, evidently the work of Martins. The result is more of a hodgepodge than ever, with some of the traditional choreog-raphy retained, but the story lost sight of most of the time, in spite of Merrill Ashley's attempts to invest the ballerina role with drama.

Also last season, Balanchine's Webern ballet Episodes was revived, with the important addition of the solo he made for Paul Taylor in 1959, not seen since. Taylor was able to recon struct it from notes be made at the time and to teach it to Peter Frame. More than a quarter of a century after its creation, Episodes still looks uncompromisingly avant-garde.

Variations pour une porte et un soupir, on the other hand, choreographed for Karin von Aroldingen and John Clifford in 1974, and now unaccountably revived, shows that Balanchine's self-imitations could be as unconvincing as anyone else's rip-offs. His celebrated musicianship did not help him to deal with musique concrète (by Pierre Henny), by definition atonal, arhythmic, unmelodic. As the programme note puts it, indicated by notations in the score." In other words, the dancers (now Maria Calegari and Bart Cook) "Mickey-Mouse"

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say that it is worthless. It is a

B. A. Young

Mirandolina/New Vic, Bristol

Goldoni's Mirandolina is a ation is in current English but trivial piece, but this is not to pretty bracelet of semi-precious stones, a display of coloured lights on a christmas tree, that people like to see but would not compare with the work of great masters. Call it 18th century Ben Travers. Most of the plot may be fore-

and the plot may be fore-cast from the first scene. Mirandolina, the beautiful land-lady of an inn, is desired by the Duke of Forlimpopoli (proud but poor) and the Count of Albafiorita (rich but common). Major Ripafratta has never had any interest in women. Mirandolina's assistant is the handsome peasant boy Fabrizio. So there are disputes between the noblemen, Mirandolina decides to seduce the major for fun, and she marries Fabrizio in the last scene. Some extra footage is made by intro-ducing two actresses posing as aristocratic ladies.

Adrian Mitchell's new adapt-

Arts Guide

aggressively so imagine where he found the expletive "Fry me garters!") It is in prose, apart from an epilogue with rhymes in it. It runs very well under the direction of Tal Rubins, with laughs arising more from situation than jokes. Eva Lohman plays Mirandolina, darkly handsome rather than beautiful, bubbling with attractive mischief. Schubert Rees, Timothy Kightley and David Monico are Duke, Viscount and the Major. There is a pleasant permanent set by Kenneth Harrison, a ver satile backdrop lined up with putti, who mark the mood of the play rather than the location of the action. Two extra putti drop from the flies at the moment of Mirandolina's agree-ment with Fabrizio. Changes of changing the furniture, or rather not "simply" but with an elegant relevance to what

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SPAIN Medrid, Where Is The Party by Dutch

group Pigeon Drop. A series of sketches and gags by three actors and three musicians. A sort of pan-tomine, musical, cabaret show. Tea-(222 93 52), until end of March.

Cats (Winter Garden): Still a sellout, Trevor Num's production of T.S. Elito's children's poetry set to trendy music is visually starling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 (262). 42nd Street (Majestic): An immodest

celebration of the heyday of Broad-way in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020). Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as audi-

tions rather than emotions. (239 6200). La Cage aux Folies (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to cap-ture the feel of the sweet and hilargaudy chorus numbers. ious original between high-kicking (75726

Pm Not Rappeport (Booth): The Tony's best play of 1988 won on the strength of its word-of-mouth popu-larity for the two oldsters on Central Park benches who bicker uproar-iously about life past, present and future, with a funny plot to match.

(239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1965 Tony awards almost by default. (248 0220).

The Mystery of Edwin Droed (Imperial): Rupert Holme's Tony-winning resurrection of the unfinished proclassic is an incontrast musical

ens classic is an ingenious musical with music-hall tunes where the sudience picks an ending. (239 6200).

LONDON

Les Liaisons Dangereuses (Ambassa-dors): Christopher Hampton's mas-terly version of Laclos' epistolary noval is sexy, withy and wise, like a collaboration between Martvaux and de Sade. Howard Davies's sellout pre-Revolutionary production for the RSC has moved from the Pit with Alan Rickman and Lindsay Duncan still battling and bitching over lovers and other riffraff. (838 8111, CC 838 1171).

fisalkance (Barbican): Rarely seen given the full RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her monoplane, Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCahe (628 8795, CC 638 8891). 42nd Street (Drury Lane): No British equivalent has been found for New

York's Jerry Orbach, but David Mer-

rick's tap-dancing extravaganza has been rapturously (836 8108).

Starlight Express (Apollo Victoria): Andrew Lioyd Webber's rollerskat-ing folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184). Woman in Mind (Vaudeville): Alan

Ayckbourn's new comedy has a bril-liant performance by Julia McKenzie as a dissatisfied housewife visited on her own garden lewn by an imaginary ideal family. Bleak but funny, hailed in some quarters as vanguard feminist drama; be not put off by that. (836 9987/5645).

CHICAGO

Pump Boys and Dinettes (Apollo Cen-ter): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kit-chen utensils has proved to be a durable Chicago hit. (935 6100). Ghost on Fire (Goodman): The latest

play by Michael Weller, called the Chekhov of his generation for his intelligent sadness in plays like Moon-children and Loose Ends, follows two college friends who try to rekindle their inspiration after making money in Hollywod. Les Waters directs Dawn Arnemann, Peter Ayl-ward and Bill Cobbs, Ends Feb 14.

My Werewolf (Goodman Studio): Thea-tre X production written by John Schneider tells the werewolf legend

as a 1940s horror movie, with all the exaggerations of romance, terror and eerie music, for the stage. Ends

WASHINGTON

Les Miserables (Opera House): The American tour that will end up on Broadway early in the new year begins in Washington as a celebration of the British musical's leap beyond its American forebears. Ends Feb

its American unecours. Easily 2014. (254 3770).
Itsenic and Old Lace (Eisenhower):
Jean Stapleton stars in the old chestnut comedy about two proper ladies who put poor men out of their misery while their nephew buries the bodies thinking he is Teddy Roosevelt building the Panama Canal. Ends Feb 14. Kennedy Center (254 3870).

Rengarry Glen Ross (Arena): David Mamer's cutthroat real-estate salesmen show off one aspect of the soft underbelly of American capitalism Ends March 8. (488 3300).

TOKYO

The Three Sisters and The Cherry Orchard by Chekhov. SCOT (Suzuki Company of Toga) led by Tadashi Suzuki, best-known for The Trojan Women move from very Japanese interpretations of the classics to Chekhov. While these productions may be con-troversial, nonetheless Suzuki continues to experiment - the only Japanese avant-garde director not stuck in a rut. Seibu Theatre 200. Seibu Department Store. Ikebukuro Branch, 12 fl. (Wed). (980 0111 Ext 5323).

Saleroom/Antony Thorncroft

Bargains in Bond Street

These are timed for 5.30 pm, with Thursday evening and Sunday viewing to make things easier for the general public easter for in antiques for decorative furnishing rather than for the trade. Private than for the trade. Private buyers accounted for 60 per cent of the purchases at last Monday's sale, which totalled £126,412 with 7.45 per cent un-

The items can be previewed at Sotheby's in room settings to give prospective buyers an idea of how they might look in their homes, and Monday's auction underlined the current appeal of fairly small Edwardian furniture. The top price was the £5,060 paid for an Edwardian mahogany and marquetry inlaid writing desk of around 1910, 2 ft 54 in high and 4 ft wide. It had carried a top estimate of

Sotheby's these days views £3,080 for an Edwardian with suspicion any item which mahogany bookcase while anis likely to go for less than other local dealer. Traditio, £500 at one of its Bond Street bought an Empire mahogany auctions and either shoves it bed of around 1820 for £2,640: into a country saleroom at Bilit had been cautiously estimated at £500,5800 A Victorian walnut lingshurst or Chester or offers at £500-£800. A Victorian walnut it at its Conduit Street sale on side cabinet soid for £2,200. the first Monday of each There was a good demand for bronzes and sculpture with a marble figure of a young woman, signed F. Saul, making £990 to a new face in the sale-700M.

In the past Sotheby's in-cluded paintings in these decorative auctions but now the bottom-of-the-market pictures. priced between £200 and £2,000, will have their own specialist auction every six weeks. This just happens to coincide

with a similar move by Phillips which, from February 27, is to devote its Marylebone saleroom exclusively to paintings, with an auction every Friday at 1 pm. The furniture and other objects previously sold at this auction room will now be offered at Philips West 2. The price range at Maryle-

bone will be from £100 to £1,000 and cover every aspect of the the company is stressing the speed of its service. It will take a picture for auction up to ter of the lots went for near the days before the sale and will top, or above, their estimate. pay out any proceeds up to Bush, the London dealer, paid 10 days after it.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 48Y Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Wednesday February 4 1987

Democracy wins in Philippines

and undisputed vote of con-

Mrs Aquino's Government faces

a daunting range of immediate difficulties.
Technically, Mrs Aquino's referendum sought public approval for a complex new conapproval for a compact new con-stitution, most of which was neither interesting nor intel-ligible to the majority of Filipinos and which might well for the majority of the majority well and the ma have been better left to the new legislature for detailed con-sideration. But it did serve some other vital purposes. It exposed Mrs Aquino for the first time to an electoral test. The overwhelming and apparently

uncorrupted vote in her favour

strengthens her Government considerably and stills the opponents who claimed she ruled without electoral consent. So Mrs Aquino's presidency is now legitimised and the enthusiastic support abroad for her position is matched with a popular mandate at home. But Mrs Aquino needs to be sure that her words in support of democracy are henceforth backed to the hilt with deeds. The closure of the Daily Express, a critical newspaper; the banning of a television interview with Mr Juan Ponce Enrile, former defence minister and a leading opponent of Mrs Aguino: her tour of the country decreeing local infrastructure projects during the referendum

JUST ONE year ago this month Mrs Corazon Aquino, thrust into office as president of the Philippines on the back of a military and civilian revolt against President Marcos, declared: "The future begins tomorrow."

Having won a substantial and undisputed vote of con-

Peace and social justice are trickier and less pedictable. dum on a new constitution for the troubled islands. Mrs Aquino might rephrase her declaration as: "The democratic future begins tomorrow."

But tomorrow means into the control of the philippines have suffered a quasi civil war against Communist and Moslem insurgents in the southern islands for 18 years. The fragile 60-day coass. in the southern islands for is reacted future begins tomorrow."

But tomorrow means just that. fire engineered by Mrs Aquino for Aquino's Government faces advanting range of immediate lifficulties.

In the southern islands for is years. The fragile 60-day cease-fire engineered by Mrs Aquino ends this weekend. The rebels have already broken off talks amid allegations of bad faith lifticulties. and the Government will have not to erupt again within days.

This raises another problem
at the root of much dissent in
the islands. Some 90 per cent of

land is owned by just 10 per cent of the people and these extremely wealthy landowners act as feudal landlords to im-poverished tenant farmers. Until land reform is tackled, Communists and armed dissi-dents will have a ready-made pool of poor, bitter and ex-ploited agricultural workers Mrs Aquino faces equally delicate problems with an army whose right-wing dissidents persistently plot her downfall. All these problems are exacerbated by the urgent need to revitalise the economy. The international consensus is that economic prospects look reasonable and they could im-prove still further if international business confidence in the islands is restored une islands is restored sufficiently to result in new in-

ment bankers Kleinwort Ben-son, puts it: "It ended the phoney war"—when every one had their artillery but was unable to fire it. vestment. Again, peace and stability are the key pre-Strains are nonetheless being created by the unleashing of requisites. Mrs Aquino has the best chance yet of pulling her islands back to democratic prosperity. But there is no time to spare for victory greater competition in the equity and gilt-edged markets, and the emergence of conglomerates combining the functions of banks, brokers and jobbers — all alongside the

introduction of new technology. tronic dealing screen, instead of running around the Stock Exchange floor. The house doctor has advised them to do more walking

At some of the City's largest institutions, particularly the big clearing banks, the process of and pressure on budgets. Midland Bank has yet to unveil the structure of its new investment banking operation because of internal political wrangles—and opportunities for dealers to the British Telecom strike has differentiate their services from delayed its planned move into new premises in the redeveloped

Billingsgate fish market. willing to predict who will ulti- US, where it owns a designated

BIG BANG is slipping easily into history. "Is it only 100 days?" asks Sir David Scholey, chairman of Mercury fail. But there seems little doubt in the City that Big Bang was a good thing; that it was well prepared; and that the financial community will benefit and the seems little was seen and the seems little was seen as the seems little doubt in the City that Big Bang was a good thing; that it was seen as the seems little doubt in the City that Big Bang was a good thing; that it was well prepared; and that the financial community will be seen as the seems little doubt in the City that Big Bang was a good thing; that it was well prepared; and that the financial community will be seen as the seems little doubt in the seems littl fit. Although the process of adjustment is incomplete, the tion. "There is a feeling in this institution that it's been going on for some time." shape of the new business en-vironment has begun to emerge.

An oddly

revolution

quiet

International Group, one of the largest financial conglomerates

forged by last October's revolu-

Billed as the greatest finan-cial event of the decade, Big

which could have as great an impact on the City—emerged to steal the headlines.

In the main, the City has taken to the changes with ease — largely because it had three years to prepare for them.

Many of the City's largest

and most internationally institu-tions were already mentally

equipped to do battle in a

bigger and more complex arena.

The big event actually produced

a sense of relief. As Mr Michael Hawkes, chairman of invest-

After initial hiccups with SEAQ, the Stock Exchange's automated quotation system, which hampered dealings in the early days after Big Bang, the equity market has made the transition from the Exchange for the electronic dealing Bang is rapidly becoming ob-scured by the passage of time. No sooner had it happened than the Geoffrey Collier affair and the Guinness scandal — both of floor to the electronic dealing rooms with surprising speed. The novelty of seeing the market-makers' prices on the screen and the ease of electronic execution have made dealing simpler and cheaper for in-

> Well over half the market's turnover is now being handled "net" — where the price quoted includes all dealing costs — rather than on the old price-plus-commission We have been surprised by the size of this swing," says Mr Charles Villiers, chairman of NatWest Investment Bank (NWIB). "We had expected bout 10 per cent."

The rise in share dealing and the booming stock market has e helped to cushion the impact of Big Bang, enabling equity dealers to operate profitably, albeit on finer margins. The gilt-edged market has proved more difficult however—as fore-cast, it has turned out to be intensely competitive and fre-At Mercury, the strain is intensely competitive and fre-particularly visible: its equity dealers have put on weight always denied—that one of the because they spend the whole day sitting in front of an elec-transiting in front of an elec-

Although gilts turnover has trebled since Big Bang, much of the increase has come from dealers trading with each other, rather than from investors—who have been wary because of uncertainties about sterling and interest rates. "We change is not yet complete, are certainly finding gilts harder Many are still pushing through than we expected," said Mr radical organisational measures Hawkes of Kielnwort. "The which are putting stress on staff spreads [between buy and sell avoid losses."

market is that it offers few opportunities for dealers to their competitors. In an attempt to overcome this diffi-Billingsgate fish market. culty, Kleinwort is trying to After only 100 days, few are import its experience from the expense of the changes.

NWIB estimates it has spent

dealer in US government bonds which, single-handedly, turns over the equivalent of the entire UK gilts market. £50m to equip itself, and there Mr Hawkes believes the answer lies not only in good dealing and analysis, but also in a top quality back office—the bookkeeping and accounting operation crucial to the quick and efficient execution of orders.

In the first of a series, David Lascelles and Alexander Nicoll examine the

City's view that Big Bang has passed smoothly into history

One of the few institutions which says it is not making a loss in gilts is Barclays de Zoete Wedd, the investment banking arm of Barclays Bank, "It's washing its face," says Lord Camoys, chief executive, of his gilts-dealing subsidiary.

BZW has deliberately taken a high profile and gone for a large market share (it claims to have 7 to 9 per cent). But others are sceptical of BZW's profit claims. They believe prices have been too tight to allow adequate margins to cover the cost of running a good operation. "If you are it up on turnover," says one of them.

cost has turned out to be the biggest post-Big Bang headache. Whether the shock came when budgets were drawn up last year, or when the overruns began to pile up, the institutions bemoan the sheer

is more to come. At Kleinwort, Mr Hawkes admits: We Mr Hawkes admits: "We thought £5m would buy all of 1,000 people. "That put some it. We were amazed at how wrong we were." He is none-theless going ahead with further investment because he is convinced of the need for a buy building up its own internal Big Bang operation and internal Bi convinced of the need for a strong back office.

Lord Camoys at BZW points to the size of personnel costs. "This means we're going to have to be rigorous about performance, particularly among the more highly paid." BZW will conduct a salary review in April and June to see how people are shaping up.

At Midland, Mr Ernst Brutsche, chief executive of the investment banking sector. says profitability is "OK if you exclude the initial investment costs. It's a matter of how quickly you want to recoup your investment."

The first 100 days have also tested the different strategies expensive decision to buy two sizeable Stock Exchange firms has paid off, enabling it to grab Day, in 1975, to produce its a big market share early on, greatest shocks, such as the even though it has faced some of the toughest integration Similar trials could lie ahead problems. Lord Camoys argues:
"Going for the high ground
was right."
BZW's size, he tained." asks Mr Brutsche. believes, gives it a gravitational

NatWest, by contrast, bought small firms and saved money, but has had to hire more than 1,000 people. "That put some has yet to make its mark. Lloyds and Midland have combined their investment

banking arms with their group treasuries (which deal in the money and foreign exchange markets) — a pattern set by go-ahead US banks. Many people believe this could be one of Big Bang's more significant long-term results, since it will strengthen the banks' dominance of the financial markets, even if the merchant banks still claim to have the

greatest skills.

Big Bang may have gone smoothly so far. But people in the City are aware that buoyant markets and the institutions' readiness to put up much to do with it. It took two years for Wall Street's May collapse of brokerage houses. "How long can it be sus-tained," asks Mr Brutsche. "It will have to settle down some

LONDON

66T TS encouraging that the door has opened. There has been no prejudice displayed towards outsiders," says Mr William Landreth, a partner in Lendon at the US broking firm Goldman Sachs, summing up the early days of a market thrown open to foreign participants in a manner un-paralled elsewhere.

Other senior traders agree there has been much less fric-tion than might have been expected between domestic and foreign stockbroking firms For international firms, however, the plum offered by Big Bang was not simply an impertant presence in the London market. Large though the British share and govern-ment bond markets are by international standards, they could not by themselves justify the huge investment

Though many of them have been active in London for years, mostly in Eurobonds, increasingly they have devoted their attention to the world's equity markets. When they decided late last year to merge their grouping, called Isro, with the Stock Exchange their aim was to develop in in London a focal market for shares of any nationality, to establish, in short, a global

An orderly environment for international share trading was necessary; the market was able in its liquidity and in its ability to settle trades. Its unregulated nature could not continue to escape the attention of regulatory authori-ties and, indeed, faces tough supervisory measures under Britain's new investor protec

tion law.

The implementation of the grand plan for a world stock exchange is still in its early stages. Initially, it involves building on the Stock Exchange's existing international quotation system. In the longer run, however, an en-tirely new system is envisaged in which brokers anywhere in the world will be able to quote prices to other professionals around the world via the London system.

The build-up of foreign firms has also had a more immediate impact. "It's begui to look a lot more like New York," stays Er Jacques Gelardin, chairman of Shear-son Lehman Brothers Inter-

national, which acquired the UK broker L. Messel.
One new trend, led by US firms such as Salomon Brothers and Goldman Sachs, is ers and Comman Sacus, is the trading of entire port-folios of both UK and inter-national stocks by institu-tional investors. The inves-tors, instead of selling blocks of individual stocks which could takes hours or days, can execute strategic investment decisions at a stroke. They are able to seek bids from brokers for whole porttage of intense competition between them. For their part, the brokers often put in bids blind," without knowing the portfolio's contents.

Their risky, capital-intensive business serves to under-line the tough competition faced by participants in what appears to be an overcrowded

How to judge the budget

THE British economy should at fair on Mr Nigel Lawson, who the moment be, in most constantly stresses how firmly respects, the envy of the he is wedded to financial redeveloped world. After the 1986 sponsibility. Unfortunately, pause real growth is clearly though, he is using a definition accelerating. with exports the fastest-growing component in terms. The current account is near balance, and government revenues are well above estimate. Unemployment is at last on a downward trend, and this improvement could well be sustained: the faster real growth now being achieved, combined with a more moderate level of wage settlements, has sharply reduced the growth of

unit labour costs. These favourable trends are not just an impression created by the most recent statisticsalways a potential source of disappointment. They are strongly confirmed by the most recent trend surveys from the Confederation of British Industry and from the Chambers of Commerce. Much of the improvement, as these surveys point out, can be put down to the devaluation of sterling, especially against the EMS currencies and the Japanese yen, during 1986, and there will be a price to pay: inflation is going to rise, for a period at least. Equally, since British growth

now promises to be well above the developed world average, the current account will probably move quite strongly into deficit (though not all forecasters would agree, thanks to the strong growth of overseas investment income). However, this should pose few problems; national creditor, after Japan, the UK is well placed to attract international finance.

If the whole picture was really as rosy as these facts suggest, the financial markets ought to confirm it; but at the moment they show confidence in the real economy, reflected in a strong equity market, but not in the UK's financial performance. Sterling has barely been holding its own in the currency markets. despite an interest rate differential—even against the rapidly declining dollar which is almost insulting. This high level of interest rates is to be heard from the CBI which is otherwise quite uncharacteristically cheerful.

Financial responsibility

There is no mystery about what is worrying the markets. It is impossible to pick up a financial circular or a newspaper which does not discuss how far the Chancellor will choose to stimulate this already strong economy in an electionwinning Budget. The markets clearly fear that such a stimulus will accelerate the slide into ing a return to stop-go mandeficit, and court the danger of domestic overheating; some suggestive symptoms, notably the reappearance of skill shortages, are already to be

This judgment may seem un-

which does not rule out what the markets fear. He talks in targets; but just because the economy is so strong, this is hardly a constraint at all at the moment. Reports of pre-Budget window-dressing, bringing some expenditures forward into the current year of fiscal abundance, and pushing some revenue receipts forward into 1987-88, will only reinforce suspicion; the result is simply to make room for bigger tax cuts within any given borrowing

As Mr Lawson himself pointed out at length some years ago, a borrowing target which takes no account of the state of the economy is a rule for destabilising the economy, squeezing it when a recession cuts revenues, and stimulating it when a boom raises them. Mr Lawson was arguing in 1981 against further squeezing a depressed economy: his argument is as true in fair weather as in foul. The domes tic economic situation argues against any further stimulus, however it may be disguised in borrowing terms.

Sustained growth

The international situation unfortunately reinforces this con-clusion. Mr Paul Volcker's warning this week that US efforts to reduce the current account deficit are likely to be deflationary argues for stimulus in other countries; and Britain might indeed join, modestly, in a multilateral response. There is little sign of this, however, and the UK economy is too small, and sterling too vulner-able, to allow Britain to go it

The Budget Judgment-the

Treasury term for its economic assessment—is therefore clear: Mr Lawson should be cautious. If he insists on targeting pub-lic sector borrowing, it should be in terms of the trend growth of the UK economy, not of the above-trend performance expected in 1987. The political pressures will all be the other way, since Mr Lawson not only wants to win support for the Government, but knows he can be sure that whatever fiscal risks he may choose to run, all the Opposition parties will out-bid him (though through higher expenditure rather than

lower taxes). We ourselves will judge him on how well he resists these political temptations, offering industry the promise of sus-tained growth rather than riskagement. He will still have some room for adjustment; and if he uses this to remove fiscal distortions and improve incentives rather than simply to raise incomes, he will truly deserve applause.

in business

Gadd back

Staffan Gadd is back. Two years after his stormy departure from the chairmanship of Samuel Moutagu, the silvery-haired Swede has obtained £12.7m from backers to set up his own in restment banking business, SG

This marks the end of an unusually long period of silence by Gadd who has been promient in the City for more than a decade. But having foresaken the Square Mile, he now occuoffices on the south side of Trafalgar Square with a view of he National Gallery which, he says, is M's in the James Bond

Gadd, 52, believes that the day of the small specialist inves ment bank has arrived. The big financial conglomerates created in the Big Bang last year have disillusioned a lot of year nave distinusioned a lot of clients and employees, he says. They lose the personal touch and stifle entrepreneurial spirit—a pointed comment, perhaps, on Gadd's strained relations with Montagu's clearing bank parent, Midland Bank.

"You either have to be big or small," he says. "I see a lot



"Well, some people think it's a tragedy and others think it's a farce."

Men and Matters

ting up on their own." Gadd's backers are mostly Nordic financial institutions. He hopes to do a lot of business with wealthy Swedes living overseas. He estimates that Swedish individuals in London alone are worth £2bn, to say nothing of those in Switzerland

Legal market

Two announcements yesterday demonstrate the growing aware-ness among solicitors that the competitive environment. Malkin Cullis and Sumption,

a central London firm, an-

and other continental centres

inced that it is appointing a PR consultancy to handle its marketing and press relations. From the Law Society, the solicitors' governing body, came the news that it is taking "an innovative approach to pro-motional publications" and and

Michael Simmons, senior partner at Malkin Cullis & Sumption, says that the legal profession has for too long merely reacted to clients' needs rather than anticipating them. Many of our clients tell us they could have saved time and money had they known sooner that we offered a particular type of help or a complete service to solve a particular

appointing its first publications

nanager.

His firm's marketing plans will be designed to match supply with demand and to educate clients on how to make the most of their legal advisers, he says

As the Law Society's first an American expert on invest-publications manager, Ruth ment trusts, and asks market Lawrence's task will be to set strategist, William LeFevre

of splintering happening in up a comprehensive range of this business with people set-books, leaflets and promotional material for both solicitors and the public. "Many firms," she says, "are keen to publicise themsives more widely, but they cannot do so without the right promotional material. This is what we are alming to provide."

Company scenes

Share information is moving into the video age with the arrival in Britain of Investors Video magazine.

The 60-minute video cassette prifiling six American and one British company, has been put together by journalists and analysts associated with the nightly Business Report on US public television.

Reuters is the British com-pant profiled in the first bi-monthly issue of the video magazine alongside American of Los Angeles which has pro-duced a fully automatic checkout system at \$250,000 a line. The aim is to choose potential growth companies not quoted on "the big board," but there

and the magazine is not in tended to be a tip sheet with moving pictures. "We're giving people a look at the guy who runs the com-pany so that they can make ome sort of value judgment It is more personal than print,' says Paul Davies, of Media High

Technology, which is distribut-

are no recommendations to buy,

ing the the UK. video magazine in Apart from company profiles, the first issue carries an interview with Thomas J. Herzfield,

about his investment choices. Davies, a television business ionrnalist who contributes the British company profiles, says the possibility of a European investment magazine is also being seriously considered.

Overnight money Optimists turned out to be the

winners at this year's Overseas Bankers Club dinner at the Guildhall in the City of London This annual black tie affair, attended by banking's top names from around the world, has become a bookies' delight with each table wagering on the time devoted to speeches at the

On past form, most of the bets were on the formidable prospect of well over an hour of erudite addresses.

But the proceedings got off to a brisk start with Sir Timothy Bevan, chairman Barclays, talking for only five minutes, followed by the Lord Mayor, Sir David Rowe-Ham, who sat down after only seven minutes.

Sir Donald Barron, the chairman of Midland, took up only six minutes of his guests' time before yielding the floor to Gerry Corrigan, the president of the New York Federal Reserve Bank, who delivered a learned discourse on banking regulation lasting 21 minutes Not to be outdone, Robin Leigh-Pemberton, the Governor of the Bank of England, also spoke for exactly 21 minutes.

There followed some brief final formalities, and the proceedings ended after precisely

62 minutes to the jingling of pound coins as winners scooped up their pots. An easy night's work for

Appeal court

Court in London's West End says: "To all thieves. Do not waste your time here—the last ones got 46p in stamps and six months in jail."

Observer

NEW YORK

CHICAGO TOKYO

FOR MEN WHO REALLY MATTER



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Scottish forestry and conservation

Battleground of the great wilderness

By James Buxton

winter afternoon in the wilds Caithness, the recently planted conifers are little more than a green blur. But in the based in the town of Wick, says minds of foresters, conservationists and an increasing per cent of the area is suitable number of politicians, the young trees growing in the bleak far north of Scotland are a major battleground in the war over the rights and wrongs of

forestry in Britain.
For this is the Flow Country, to give it the name specially coined by conservationists for this vast area of relatively lowlying moorland and bog in Caithness and Eastern Sutherland. It is not the type of scenery that features in calendars of Scottish beauty spots. Fountain Forestry, the private forestry company which, with the Forestry Commission, is managing the afforestation of some of the area, sees what it some of the area, sees what it the Government, this tax-avoid-is doing as a beneficial develop- ance mechanism helps keep the ment project which will even-tually lead to the creation of a timber-processing industry in an area that has little other econo-

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mic potential.
But to the conservation But to the conservation lobby what Fountain Forestry is doing is economically unjustifiable and is eroding the habitat of some of Britain's rarest birds. As forestry comes increasingly to the attention of politicians, the conservation lobby has received a powerful boost from a deeply sceptical report on its economics from the Auditor-General Important hearings on forestry begin in hearings on forestry begin in the Commons Public Accounts Committee today.

Fountain Forestry has been buying up moorland from land-owners and farmers in the Flow Country since 1981. With the blessing of the Forestry Commission. forestry in Britain, and which pioneered tree planting in dises to the tune of 85 per cent Caithness, it is planting it with —Fountain Forestry has a mixture of Sitka spruces and Lodgepole pines, as well as the created about 40 full-time jobs and the equivalent of another 100 jobs in part-time work. That required by the Commission. makes the Perth-based company Out of nearly 16,000 hectares of one of the biggest employers in land suitable for forestry which Caithness where the tit owns in the Flow Country, it lation is only 30,000. has planted nearly 9,000 hectares and plans to put trees on in the early stages of a further 5,700 hectares. In all tation, the employments about 12 per cent of the Flow Country — which totals 190,000

IN THE twilight of a grey mid- with a further 5 per cent destined for planting. But Mr George McRobbie, Fountain Forestry's district manager based in the town of Wick, says

> thanks in part to Forestry Commission grants and the concessions on income, capital gains and inheritance tax which apply to forestry, expect a rate of re-turn of 4.4 to 6.7 per cent on their money for themselves or their heirs, when the trees are harvested in 40-50 years time. Most of the investors are businessmen and women, but Terry Wogan and Hurricane Higgins in the Flow Country. To the foresters and, so far,

Most of the investors are businessmen and women, but Terry Wogan and Hurricane Higgins are also among landowners in the

Flow Country

money of the rich in Britain and is essential to attract investment to an industry which has to plan for the long term. With the grant, the subsidy element accounts for about 65 per cent of the £10m which has so far been invested through Foun-tain Forestry in Caitiness. On land which once employed only which regulates six people in sheepfarming — Britain, and which which the Government subsi-Caithness where the total popu-But with labour mainly used in the early stages of a plan-tation, the employment will only be sustained if Fountain Forestry can continue planting.

To a small army of conser-

Society for the Protection of Birds and the Nature Conser-vancy Council, what Fountain Forestry is doing in the Flow Country is destroying the last great wilderness left in Britain. Around the flows — the local word for bog — lives a bird community not found elsewhere in Britain: in particular it is the breeding ground of about 70 per cent of Britain's 1,000odd greenshanks, a wader whose other habitats are in the far north of Europe.

vationists, led by the Royal

The RSPB believes that about 15 per cent of the Flow Country's original population of 688 pairs of greenshanks has already disappeared because of afforestation, and the ploughing of trenches and the changed drainage pattern which it

brings.

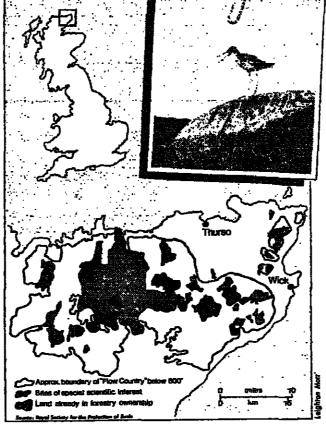
The society has campaigned for several years to stop Fountain Forestry. It has employed publicity — which somewhat disingenuously presents a vast sporting estate owned by Fountain Forestry in Caithness as potential forestry land—and in at least one case, has tried to block the company by offering higher prices to landowners thinking of selling to Fountain Forestry than the company is prepared to pay. prepared to pay.

The RSPB draws some com-fort from the fact that strategic chunks of Fountain Forestry's acreage have recently been designated areas of special scientific interest (SSI) by the Nature Conservancy Council-thus effectively closing them to

"Certainly conservation is im-

portant," says Mr Bill Dodds, managing director of Fountain Forestry. "But it is irresponsible to push it to the exclusion of all else so that it threatens the development of an industry and a national resource." And Mr Mike Ashmole, the com-pany's director for Scotland, says: "We are confident that we says: "We are confident that we are not making an impact on the greenshanks." To make sure, the company is funding, with the Forestry Commission, a study of the effects of forestry in the area on moorland birds, which is, ironically, being carried out by the RSPB.

My Lon Reighbridge the Mr Ian Bainbridge, the RSPB's forestry officer, insists that the greenshank is in



danger in the Flow Country, in spite of the enormous acreage — about 700 acres per bird — which it still has to nest on. He says he fears that the Flow Country — even with the sites of special scientific interest as conservation buffers could end up as "a set of little islands of conservation in a de-pressed landscape."

Underlying the RSPB's arguments is its belief that part of this area is being sacrificed to an industry which is economically unsound. Shortly before Christmas it received authorita-tive backing for this view in the form of a report by the National Audit Office (NAO), parliament's financial watchdog, on the operations of the Forestry Commission. The report con-cluded that the rate of return on new planting was unjustifi-ably low, argued that Britain did not need a large forestry in-dustry for balance of payments purposes and said the benefits which forestry conferred on rural areas could be more cheaply provided in other ways

Using a study by the Edinburgh economic consultants. PIEDA based on the Forestry Commission's own economic models, the NAO concluded that the Forestry Commission's new planting was likely to have an internal rate of return of only 2.25 per cent. Furthermore it calculated the rate of return in north Scotland at only 1.25 per cent, as a result of poor soil and the windy climate. With

such as tourism or light in-

dustry.

the target rate of return for most public sector trading operations set at 5 per cent, this suggests that the taxpayer is getting poor value for money. Fountain Forestry professes itself baffled by these figures, for which it has been unable to ascertain the data on which they are based. It says it ran its own figures for the Flow Country through its computer about timber prices and tree sizes, came out with a rate of return of 2.7 per cent. Adding in the 1.7 per cent which the NAO reckons the tax concession is worth to the private investor makes for a return of 4.4 per cent. On the best

4.4 per cent. On the best assumptions the investor might get a return of 6.5 per cent, claims Fountain Forestry.

But with Mr Nicholas Ridley. the Environment Secretary, and his junior Minister Mr William Waldegrave said to be sceptical about private-sector forestry and march of conifers. Britain's foresters and their associates in the timber industry are worried about the future. They commissioned their own consultants to produce a report

refuting the NAO's conclusions.
In the next few days these he thrashed out before the Commons Public Accounts Committee. The hearings could be crucial to the future of tax concessions that make private forestry worthwhile—and to the lonely moorland that is the breeding ground of the green-shank. The economics of Sizewell B

Layfield fails the coal price exam

By Richard Pryke

criticism of the crucial chapter on coal prices in the Layfield

I have just been composing examination questions and this is one which I might well have put in my paper on the economics of energy. There is no doubt that the economic case for the Sizewell B nuclear power station hinges largely on what view is taken of future coal prices. The reasons are that in the UK coal tive to nuclear power and that nuclear stations are very expen-sive to construct but, once built, have very low fuel costs. Hence it is worth running nuclear stations flat out to minimise the electricity industry's total ex-penditure on fuel. The size of this expenditure and therefore of the savings which a nuclear station will make, depends on whether coal prices will be high

The short answer to my spoof exam question is that, remark-able at it may seem, the Layprices (not to mention other possesses no more than a telephone argument

Having failed to make any proper evaluation of the evidence or to sort out these economic issues, Layfield an-nounces: "I have been influenced by the extent of the suggiveness of each party's case. ting Board's price projections appear to me to be substantially too high. I was impressed with the National Coal Board's evidence and agree with the Electricity Consumers Council that it was particularly con-vincing and well presented. I therefore adopted the NCB's projections as the basis for my conclusions."

It is true that the NCB's witnesses gave a good account of themselves and that its evidence was a competent piece of work. For each of the world's major coal exporting nations a research organisation attached to the board estimated the full cost price the exporter would need to receive to induce it to supply a low medium or large assumed. For instance the Coal tonnage. The board then Board postulated that, even in worked out the minimum price the absence of depletion, there at which coal could be impor- would be a substantial rise in

IT CONTAINS as much analysis ted into Europe if there were unit costs because the increase as a telephone directory. To to be a huge increase in in miners' real earnings would

ing supply curves for the major coal exporters. One of these projections, from Chase Econo-

the Town and Country Planning Association. He estimated that if the price were to be set in a wholly competitive manner it would only be \$45 per tonne by the end of the century. Although he did not believe the price would he century. Although he did not believe the price would be fully competitive, he predicted that it would probably be no more than \$60 per tonne. Unlike the Chase study, Mr Steenblik's views were not ignored by Layfield. However his evidence was more or less dismissed on the ground that, although it was well argued, "some of his cost projections were based more on his inter-

backed US Energy Information Administration, which prepares estimates of world coal prices by methods very similar to those he employed. Faced with the widely differing forecasts which he received Layfield, instead of resorting to

a seat-of-pants judgment, should surely have made a careful evaluation of what was being assumed. For instance the Coal

demand or if, alternatively, it be greater than the rise in were to be somewhat less mas-sive. When these results were the cost of the goods and seraveraged the necessary price vices which the industry buys appeared to be \$86 per tonne in would continually escalate in real terms. Inspection of the However Layfield received source documents which the two other forecasts which like Coal Board used shows that one two other forecasts which, like the Coal Board's, may be described as systematic or the belief that, as a result of coherent because they were the outcome of models incorporation envisaged, wages and the cost of equipment and materials would be bid upwards, just as they had already. This ignores the fact that in a world metrics, was put forward by the ignores the fact that in a world CEGB when its own forecasts of less tight energy supplies and after the miners' strike, study suggested that the price these trends no longer apply, of coal would rise to about \$105 per tonne in 2000. Layfield self whether this process would entirely ignored the Chase results.

The only other systematic have treated the NCB's estimated the NCB's estimated to the control of the con forecast was provided by Mr mates as the appropriate equili-Ronald Steenblik, a witness for brium or trend prices. The the Town and Country Plan- NCB specifically warned that its

taken as a veiled criticism of the decision to build Sizewell B (of which I have long been in favour). My purpose has been to indict Sir Frank Lay-field for having falled to justify prices and more generally for having failed in Bagehot's words "to teach the nation." He should have made a serious were based more on his interpretations of other data sources than on his own detailed knowledge." This is a curious criticism which would equally well apply to the Coal Board's evidence, or indeed to the Layfield have bequeathed a foundation from which economic argument about future power stations could have been performed by or on behalf of the authoritative, Governmenthacked US Energy Information. analysis of the price forecasts

The way in which he dodged the task raises the question of whether this form of public inquiry is suitable for throwing light on the economic desirability of nuclear power. Per-haps in future the Monopolies and Mergers Commission, which works to professional standards, should be entrusted with the task. Its past reports on the CEGB and the Coal Board were vastly superior to the Layfield Report.

Nuclear power arguments

From the Managing Director, Cambridge Energy Research. Sir.—Sir Frank Layfield in his report on Sizewell B concluded that the chance of a coal-fired station having lower costs than Sizewell is only about one in 40, Your article "Nuclear reactors 'offer cheaper power than coal-fired stations'." (January 17), based on a report by our company, appeared to support Sir Frank's conclusions, as did your "Power to the nuclear cause" (January 29).

The results of our study. however, indicate that the economic arguments for nuclear power are less compelling than either your articles or Sir Frank's report indicate. Certainly in some countries and under some assumptions the advantages of nuclear power are persuasive. Nevertheless, in the UK the price of coal must exceed \$53 per tonne (in 1986) exceed \$55 per tonne (in 1950 prices) for nuclear to have any advantage, assuming a discount rate of 5 per cent, and \$85 per tonne at a 10 per cent discount rate. Investment appraisal by the CEGB is presently carried out at 5 per cent, but if any move were made to place the electricity industry into private ownership such low rates of return on capital would hardly prove acceptable to shareholders.

Coal is currently available in Retterdam at around \$30 per

Rotterdam at around \$30 per tonne. Even allowing for add-on costs and some price increases. Sir Frank's conclusions appear to carry a degree of overconfidence that would be puzzling if we did not all appreciate that the world has moved on from late 1984, the time when new evidence to the public inquiry was last admitted. Nigel L. Evans (Dr).

10. Jesus Lane, Cambridge. Methodological

assumptions From Mr G. Roussopoulos.

Sir,-I analysed the CEGB's original written evidence to the Layfield inquiry in some detail for professional reasons at that time, and concluded, among other issues, that there were two highly questionable methodological assumptions in its comparison of the economics of nuclear stations with alternative sources (or economies) of

The first is the use of a 5 per cent discount rate in "real" terms for the comparison of the cash flows. This is in accordance with Treasury practice for odds with the criteria current competitively priced, secure in private industry where a real supplies of electricity to indusin private industry where a real return of 6 per cent to 15 per cent, depending upon the nature of the risks, is usually adopted. The latter range should have

:32%

Letters to the Editor

pricing projections, apart per-haps from domestic coal, start from current industrial criteria.
The impact on the relative economics of, for instance, PWR and coal stations is pivotal even on the basis of the CEGB's other assumptions because of the greater early capital intensity of all nuclear plants.

The second is the negligible impact on the comparison of the substantial and uncertain de-commissioning costs of the nuclear stations because, again, of their discounting over a 40 year period. I would go further than Mr Scammell (January 30) and suggest that the nature of the obligation laid upon future generations makes any discounting at all inappropriate: we are not dealing with a productive investment which can properly be compared with alternative returns or interest rates, but with an unproductive activity that will be required of a future social order. One could even argue for a negative discount factor since we cannot be certain that the decommissioning will be feasible at currently estimated costs, or that this future society will have retained

the necessary competences.
Your summary of the Layfield
report (January 27) and Max
Wilkinson's article (January 29) suggest that neither point has been adequately considered yet either could suffice to overturn its conclusions, but I confess that I am unlikely to spend £30 on the report to satisfy myself on these or other issues. Will the Government make full copies of the report available at all public libraries or Electricity Council showrooms so that the electorate may judge for itself?

G. A. Roussopoulos. March House, Churt Road, Hindhead, Surrey.

Development of energy

From the Director General, Chemical Industries Association Sir,—This association believes that a considerable expansion of existing British nuclear generation capacity would play public sector investment, but at an important role in ensuring try over the long-term. Such a construction programme would lead to a reduction of the overall costs of power generation,

industrial project competing to meet the growth of elec-with alternative energies whose tricity demand and replace obsolescent plant.

The extensive development of nuclear energy is essential to man's continued life on this planet. Surely it is sensible to meet this challenge in a practical and forward looking way, getting its benefits in the UK except rather than later. sooner rather than later.

This support is, of course expressed solely on the basis that the Nuclear Installations Inspectorate is satisfied that operation of the new stations will meet all requirements as regards safety and impact on the environment, and that dis-posal of waste products will be handled without adverse en-vironmental effects.

The chemical industry is Britain's most successful ex-porter, with a favourable trade balance of £2.5bn in 1986. It can maintain and enhance this fine performance provided it is internationally cost competitive, not least on electricity which accounts for up to 60 per cent of manufacturing costs for important products.

M. E. Trowbridge, 93 Albert Embankment, SE1.

New source of equity demand From Mr D. Lewis

Sir, — The Lex column "Malthus haunts the markets" (February 2) raises a number of interesting issues regarding the demand for equities. While the trend towards a population of pensioners clearly reduces the role of the major institutional players in the equity game, the demand gap may be filled by a significant leakage from the housing market.

This leakage, however, is not of the kind generally assumed to be fuelling the spending boom as house owners increase their mortgages to purchase consumer durables, but rather one that is demographic in nature. The growth in home ownership together with ever rising house prices has meant that large numbers of 70 and 80 year olds hold a significant level of (unmortgaged) real assets which, given normal death rate patterns, will ultimately be inherited by their children or, to put it another way, by a generation in their 40s and 50s who themselves are significant home owners, are completing their mortgage payments and who have, we are led to believe, a been used since this is an additional generating capacity growing propensity to save.

This could result in a significant transfer of capital from the housing market into financial assets, a trend that may have a negative impact on the housing market but should source of equity de David J. Lewis. Hesketh House,

Value of an

MBA From Professor D. Weir

Sir. - I read with interest Your report (December 24) of the study undertaken by Dr Berry of the Manchester Business School on the value added by a good MBA degree. You noted that "employers

questioned showed mistrust and suspicion about the value of agerial potential" and that "employers wanted business schools to listen to them more carefully about industry needs." These points are well taken in relation to MBA degrees

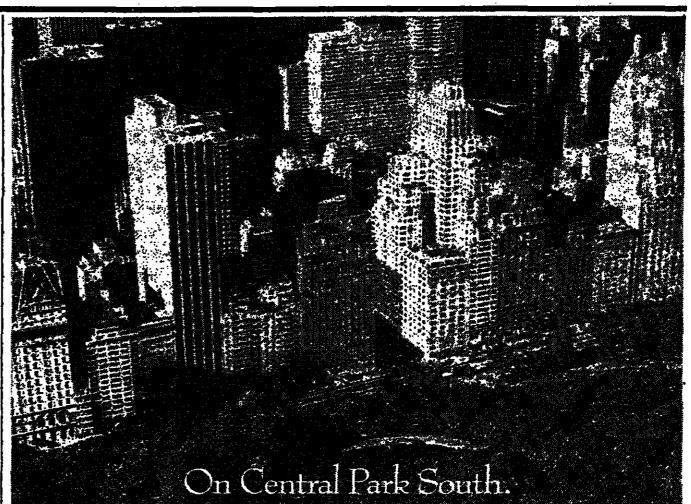
taken at the immediate post-graduate stage by inexperienced young people in their early 20s. The Manchester MBA on which the study is based is of course a well respected example of this type of programme. But for this reason we at the

Glasgow Business School have never offered a full time MBA. Our entry consists exclusively of candidates who have at least five years' management experience. Thus industry has indeed
evaluated their potential and
has pronounced the results
good. Although the three year part time route is an onerous undertaking requiring a high level of commitment, the "re-entry" problems and the inexperience of callow youth are avoided altogether.

The sequencing of topics can be related to the participants' maturity and experience and their developing focus on specific career and organisational learning objectives. We think also we do listen

carefully to what employers tell us about industry needs. Our involvement in an essentially part time postgraduate, post-experience MBA is a fundamental guarantee of this and this orientation is reinforced by the heavy enchasis on Teaching Company Programmes which link us with industrial and commercial companies developing new technology, management systems, and production, in many ways we may come to see the heavy emphasis on the full time, postgraduate MBA as a temporary aberration of the 1960s and 1970s and the Part time mode will in future become the norm. (Professor) David Weir. University of Glasgow,

53-59 Southpark Avenue,

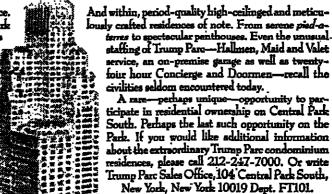


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FINANCIALTIMES

Wednesday February 4 1987



William Hall assesses reaction to planned US telecommunication reforms

Mixed feelings at Baby Bells' liberation

by the breakup of American Telephone and Telegraph (AT&T) on January 1 1984, are jumping for joy at the US Justice Department's rec-ommendations that they be allowed to enter a variety of new business from which they are now barred.

"Old Ma Bell", their former parent is highly distressed, however.

The Justice Department's recommendations that the seven Bell regional operating companies be al-lowed to manufacture telephone equipment, sell electronic information services, be free to enter nontelecommunications business without special permission of the court. and enter the long-distance telephone market on a restricted basis, would change the face of the US telecommunications industry.

The recommendations will not take effect until they are approved by US District Court Judge Harold Greene, whose court is responsible for overseeing the modified final judgment which cleared the way for the breakup of the world's biggest

Already the battle lines are being formed. AT&T calls the recommendations "unbelievable" and MCI, the second biggest long-distance carrier, which has been accused of preci-

tion's antitrust laws." The Justice Department's recom- fered here.' mendations are based largely on a

and former engineering professor at the Massachusetts Institute of telecommunications industry.

strongly supported by the Federal Communications Commission and reflect the US Administration's enthusiasm for deregulation and freemarket philosophy.

"There is no longer a justification for continuing to keep the Bell com-panies out of competitive businesses," says Mr Charles F. Rule, the assistent attorney general for the Justice Department's antitrust division, who argues that "the restrictions may indeed hurt competiton if they are kept on.

"Competition is always unsettling and a bit chaotic, especially when technology is changing as fast as it is in the telephone business. But competition is also the American way. In the end, competition is what works best for consumers, says Mr Rule, who is concerned that the US is falling behind some of its overseas competitors.

"Foreign telephone companies -

tion services that are not yet of-

He argues that his department's report by Mr Peter Huber, a lawyer recommendation could bring the US consumer "cheaper classified ads, faster and more efficient ser-Technology (MIT), and are likely to vices, perhaps even lower electric form the basis for a lively debate on bills once we get to electronic meter the future of competition in the US reading." He would also like to see the regional Bell companies enter The department's views are the equipment manufacturing busi-

> ss. While AT&T remains a leading company, other big groups such as IBM and foreign telephone compa-nies such as Siemens (West Germany), NEC (Japan) and Northern Telecom (Canada) have increased their share of the US market. Lifting the decree's equipment restrictions will allow seven of this country's biggest telecommunications companies to enter these important and valuable high-tech markets," says Mr Rule.

> The Bell companies have already won court approval to enter such dises as real estate, insurance and financial services, and the Justice Department believes the current court waiver process should be eliminated to enable the companies to move into these new markets more easily.

The only area where the Justice

would "bring real competition to the industry and lower prices for many

AT&T.
The Bell companies will continue to be barred from providing longdistance service to, from, or within areas in which that particular Bell company is the local telephone com-

pany.
For example, Nynex, the Bell company that provides local tele-phone service in New York and New England, could not provide long-distance service between New York City and Boston

However, it would be permitted to provide services between Los Angeles and Atlanta because it does not control any local exchanges in these areas.

Mr Zane Barnes, chief executive of Southwestern Bell, describes the Justice Department's recommendations as "a giant step" and says that the decree which split up the Bell system "demonstrated a failure to anticipate the dramatic changes to come in the telecommunications in-

He believes that the current restrictions on the Bell companies "se-riously hampers" US efforts to compete in the global telecommunica-

Mr Delbert Staley, Nynex's chairman, says that lifting the current restrictions will "enable us to begin Department is not recommending focusing our resources on developespecially in France, Japan and an elimination of all the restrictions ing Information Age products and scribes the recommendations as "al- Britain - are already offering a host is in the provision of long-distance services" and he said his company

products and services.

AT&T, which retained the long distance phone services and manu facturing operations after the breakup, is angered by the propos als to change the rules only three years after the Justice Department broke up the finest telecommunications business in the world."

"We find it unbelievable that the Justice Department, without treating properly the marketplace power of the local monopoly, would re-es-tablish this combination of monopoly and competitive businesses it ought so hard to dismantle," says Mr Charles Marshall, AT&T's vice

ignore why everyone was put through this ordeal in the first place

MCI was even more outspoken in its condemnation of the Justice Department's proposals. "The divestiture was ordered because the Bell operating companies had violated the nation's antitrust laws by abusing their monopoly powers," said Mr John Worthington, MCTs gen-

"Now, three years later, the De partment of Justice has flip-flopped and seems to have forgotten that the antitrust laws were designed to protect the American public." THE LEX COLUMN

Locking up the banks

At last British banks can breathe easy. Being involuntarily bought into, arbitraged, or messed about is now a fate against which they are to be preserved by the Nanny of Threadneedle Street. This may be defended on very general public policy grounds, such as arguments that the banking system is so much part of the national infrastructure that it should be kept under the same ownership restrictions as, say. British Gas. The differences. that banking is not a monopoly, and that banks do not start off with their share capital in public ownership, seem more striking than the

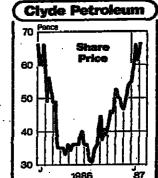
It goes without saying that these changes to the banking bill have been arrived at after a period of abstract cerebration, and owe nothing to recent embarrassment of UK banks with unwanted shareholders. The main novelty in today's proposals - that existing shareholders may be frozen out if they somehow lose their respectability – may be a retrospective comfort to Mercury (having seen Mr Steinberg shed his fleece in a matter of months). And whatever the rationale, overall, it must come as a great relief to Hill

Gilt-edged

Once again 10 per cent is proving an impenetrable barrier for gilt-edged yields. The market lay comatose yesterday, knocked on the head by an opinion poll which failed to support its belief in a Tory win at an early election. Already other recent polls had been sufficiently inconclusive to frighten off the foreign buyers who were evident at the start of the year.

The City's impatience for a spring or early summer election, well before the five year term is up, has blinded it to other possibilities. Arguably, the Government has a better chance of returning with a good majority if the election is left until tax cuts and higher public spending work through to voters' confidence. If the Chancellor can work the trick of combining tax cuts with a display of fiscal prudence, all the better.

The news that the Bank of England has been buying stock in order to bring funding back in line with the PSBR, has remained largely ig-nored by the gilt market, misled has not found a patent way of clos- get a bargain.



by the repayment in this financial year of the British Gas loan. That analysis ignores the Bank's ability

sation proceeds.

With a couple of months still left in the fiscal year, the Bank's action suggests a remarkable confidence on the authorities' part that the PSBR is undershooting. If so gilt buying would limit that undershoot and provide a PSBR number against which next year's figure undershooting, it argues that revenues are even more rampant than expected. A budget announcing a lower PSBR for 1987-88 and tax cuts, the latter in turn further boosting revenues from spending taxes, might be just the ticket.

Bell Resources

Mastery in the art of circle-squaring is nowhere seen to better ad-vantage than in the results of Bell Resources. Equity accounting Bell's 29 per cent stake in BHP was always going to do wonders for revenues - up tenfold on last year - and even for pre-interest profit.
It shows how skilfully Mr Holmes

Court moves the pieces around that there is also a 120 per cent increase at the net level, and even a 20 per cent rise in earnings per

cash in Bell Resources may be Goal would also have defensive atmore accurately portrayed by the tractions to Clyde. But after yesterstatic rate of ordinary dividend, al- day's 20 per cent rise in the Goal beit payable on three times the eq- share price, its capitalisation has aluity base.

Appearances to the contrary, Bell of asset value. So

ing the gap between a 6 per cent yield on BHP shares and the cost of bank funds. But it does take a very nice turn on the market in BHP shares, has profits to show for its fishing in USX, and has proved that its own equity is a cheap source of funds. Making the BHP assets produce higher earnings and dividends is the first trick for 1987, to be followed, no doubt, by the deal that transforms mere equity accounting into 100 per cent consolidation.

Clyde/Goal

Goal Petroleum has for too long been kicked around the indepen leum is the latest player to run with to distinguish different targets - the ball, having built up a 22 per one for funding, another for privatisation proceeds.

the ball, having built up a 22 per one for funding, another for privatisetion proceeds. appears to be British & Common wealth, which last year plotted unsuccessfully to promote a takeover of Goal. The long list of would-be managers of Goal's assets has been made possible by the lumpy nature of the share register. But the prolonged auction has been of little will look good. And if the PSER is point to the few long-term holders undershooting, it argues that reve- of the shares, since Goal's existing ement is at least as compe tent as any of the putative substi-

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Although Clyde last week termed its initial stake of 11 per cent as strategic, it is clear that Clyde wants to take over Goal as soon as it can persuade Goal's board of the sense of such a marrige. The ideal oil industry merger is one in which the assets of the two companies are complementary, and the risks diversified. But virtually all the Clyde and Goal assets are common to both parties, albeit in different quantities

It is not clear what the Goal shareholders would achieve except for a reduced gearing to exploration success. Clyde would take a further step in its long-term strategy which is to become bigger. With Elders IXL currently bidding for a friendly Australian holder of 15 per What is really happening to the cent of Clyde, a successful bid for ready jumped above most estimates

High-flyer brought down to earth

PERSONAL and business creditors are closing in on Mr Adnan Khashoggi, the Saudi arms dealer who claims to have lost millions of dollars from financing the secret sale of US weapons to Iran. In the last month alone, the man

often (wrongly) described as the world's richest has been brought down to earth with a bump. Two of his private airliners (one containing nearly \$1m worth of crystal and china) were grounded in France following his default on \$7.5m of debts to Mr Roland ("Tiny") Rowland and to Mr Rowland's company, Lonrho. The tableware and other contents

- including a \$200,000 sable bedspread - of a palatial private airliner are but trinkets for the flamboyant Mr Khashoggi. But their loss is a symptom of his troubles. Personal creditors are pressing on one side, business creditors on

the other. Last week Triad America. his master company in the US. sought protection in a Los Angeles court in an effort to extricate itself from claims totalling \$150m. Few people apart from Mr Khashoggi himself know whether

he is simply suffering a small liquidity problem. As one American lawyer involved in his US affairs said yesterday: "He's a high-profile figure with very shadow enter-

But many of the public trappings of his wealth are mortgaged. Mr Rowland had the DC-8 jet impounded in France last month for non-payment of a personal loan of \$2.5m. Mr Khashoggi recovered the aircraft, minus contents, when his lawyers satisfied the court that it was owned by Handlingair, an independent company registered in the

Another of Mr Khashoggi's airliners, a DC-9, was impounded earlier last month for default on a \$4m debt, this time to Lonrho. The company had already claimed possession of Mr Khashoggi's ranch in Kenya - one of a dozen of his private estates - which was security for a further \$1m loan.

A third jet, a leased Boeing 727, Khashoggi's dream - as he de-Nimeiri; and Agrifuels Refining in fact, the was last seen grounded at Las Ve-scribed it to Time magazine last Corp, also bought from Triad by Ed-on's mines."

Continued from Page 1

start with the owners.'

day that "an injection is needed

from the owners. A solution must

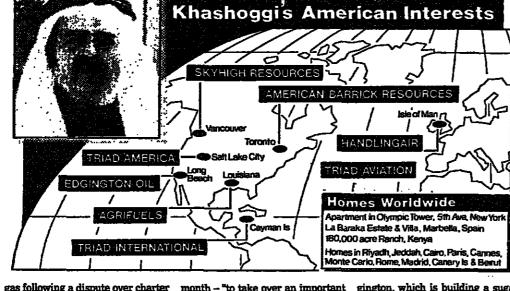
the negotiations said that some

short-term loans to Fermenta had

already fallen due for repayment.
They want us not to claim what

they are owing us," he said.

One senior banker involved in



gas following a dispute over charter

His 280 ft yacht Nabila, named after his daughter, also appears vulnerable, as well as his two-storey apartment in Olympic Tower on Manhattan's Fifth Avenue.

Madrid, the Canary Islands and Beirut. If his private wealth is hidden.

Meanwhile the estate at Marbella in Spain, La Baraka ("blessings of God") is at least partly mortgaged to a Jeddah bank, which lent \$22.7m to help pay off loans from the Credit Commercial de France, a Paris

Mr Khashoggi may be financially embarrassed, but he is not homeless. At the last count he had houses in Riyadh, Jeddah, Cairo, Paris, Cannes, Monte Carlo, Rome,

his business affairs are coming increasingly into the open because of the suits piling up against Triad America, based in Salt Lake City,

As the pressure mounts, former Khashoggi aides have been bewailing the failure of the North American businesses to realise Mr through deposed president Gasfar has been speculated that these are, Khashoggi's dream – as be de-Nimeiri; and Agrifuels Refining in fact, the legendary King Solom-

The main banks involved in nego-tiating a financial restructuring for

Fermenta include Gotabanken,

The negotiations over Fermenta's

Svenska Handelsbanken, PKbank-

future have been led by Indus-trivarden, the investment company

closely associated with Svenska

en and Nordbanken

Fermenta in talks on new financial crisis

American company and use it as a base of my operations."

> In its filing under Chapter 11 of the US bankruptcy law, Triad has declared assets of \$118.4m and liabilities of \$51m. It had hoped to wipe the slate clean by selling its best asset, Edgington Oil, which has a refinery at Long Beach, Califor-

But the sale was barred by court injunctions obtained by creditors in Salt Lake City. They learned that the chairman (and substantial shareholder) in the buying company, Skyhigh Resources, was none other than Mr Khashoggi.

Triad now has a breathing space in which to sort out, if it can, the web of deals and debts surrounding it and its subsidiaries. These inchide, according to affidavits examined by the American press, Triad Aviation, which was bought by ently under Mr Khashoggi's name Edgington and is owed money by described a concession in Mali Handlingair; Sigma X, an offshore oil exploration concern involved in

trols around 46 per cent of the votes

month - "to take over an important gington, which is building a sugar-American company and use it as a cane ethanol refinery in Louisiana with a Federal loan guarantee of

Skyhigh, based in Vancouver, was a penny stock company trading at a few dollars on the famously speculative Vancouver exchange until transformed by Mr Khashoggi and the proposed acquisition of Ed-

Another venture with which Mr Khashoggi's name is linked is Vault Explorations Inc, whose shares are trading in Vancouver again after being halted by Mr Michael Ross, the British Columbia superintendent of brokers.

Until a few days ago, Vault (chairman, Adnan Khashoggi) had been trying to do a reverse takeover on a company called Mali American Mines (chairman, Adnan Khashog-

A statement from Vault, appardescribed a concession in Mali West Africa, that might yield "the last great gold reserves" - adding,

Industrivärden took over part of

Mr el-Sayed's shareholding to regu-

late the debt at around SKr 80 per

US levy on imported oil under attack

THE EEC, Canada and Mexico will

today launch a formal complaints procedure in the General Agreement on Tariffs and Trade against the US introduction of an allegedly discriminatory levy on imported oil The action forms part of the EEC's policy of combatting what it sees as unfair US trading practice through the legal arrangements set out in the Gatt. At today's Gatt Council meeting in Geneva it will also announce that it plans to initiate a formal complaint in March against the customs user fee introiced by the US as

forts to reduce the budget deficit. Legislation on the levy on import ed oil was passed by the US Congress at the end of last year under a bill establishing a so-called Superfund to finance the Government's programme for cleaning up toxic waste sites.

The EEC, together with Mexico and Canada, argues that the levy in-fringes Gatt rules because it is applied at a higher rate than that on domestically produced oil. The taxa-tion rate for US oil has been set at 8.2 cents a barrel, while that in imports is 11.7 cents.

The EEC believes that the Customs user fee also infringes Gatt rules because it applies only to imports (at a rate of 0.22 per cent by value) whereas the proceeds are de signed to finance the entire operations of the customs service, including those which are unrelated to im-

Trade diplomats generally regard the US case on the Superfund as weak. Indeed some believe the Reagan Administration would welcome a negative verdict as this would de monstrate to a protectionist-minded Congress that there are international limits beyond which it cannot go in trade legislation.

None the less the Gatt disputes procedure is a lengthy one and it may be months before any result is achieved. If Gatt does find against the US, it will be open to the EEC Canada and Mexico to retaliate. Despite the expected delay, Euro

pean officials say their approach of trying to resolve trade disputes within the existing legal framework is preferable, and in marked con-trast to that of the US itself. With its complaint against Airbus subsid ies, the US has sought to deal di-rectly with individual countries

US indicators grow sharply Continued from Page 1

ic indicators shows that US consumption is still running high, stimulated by a final surge of borrowing and buying in late 1988. The ques-tion is how far the tax reform lawwhich eliminates many of the deductions from taxable income for purchases such as cars - will affect consumption over the next few

In addition, construction activity which gave the US economy a major boost in the early months of ple, the exchange's plans are simitrades as is planned for small or lar to those of the Association of Indeed in the UK domestic market.

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London bids to become global shares centre

It was forced to take over this share, but by last Monday the share stake, when Mr Refaat el-Sayed, price had plunged to only SKr 20, Fermenta's now discredited former leaving the investment company

chief executive and majority share—with unrealised losses amounting to holder, defaulted in December on a several hundred million kronor.

Handelsbanken, which now con- loan of SKr 570m.

Continued from Page 1

being drawn away to London.

The exchange does, however, face competition in setting up a global for Eurobonds under the new UK marketplace from companies such as Reuters, the UK-based business information group, which already collects market makers' prices on rencies, and will involve improveindividual stocks form more than ment of clearing services including

one centre. for international regulators, though mainly for professional traders and it will be designed to meet the re-institutions rather than the small quirements of Britain's Securities investor, it will not initially have a and Investments Board. In princi-facility for automatic execution of

business in their domestic stocks ternational Bond Dealers which like the Stock Exchange, is to be a recognised investment exchange regulatory structure.

The new system will include facilities to settle trades in many curexpanded links with other clearing The plan will also raise problems systems. Since it is envisioned as

the measure of all goods and services produced - could rise by as much as 3.2 per cent in 1987. The favourable report on econom-

More downs than ups for executive candidates

BY MICHAEL DIXON

WHICH is the best month for worst news I have to pass on

almost on us before even the second best comes round again, according to research by the MSL International recruitment consultancy.

While patterns of demand differ with country, the research found that the UK show that demand comes and advertised market for managers and key specialists ebbs and flows regularly over the year.

For illustration, let's suppose the demand was perfectly even. Then, for every 1,200 jobs coming up in a year, 100 would be offered each month. The consultancy's study of the pattern over the 1974-83 decade stone thing occurs to break the cyclical pattern, the market is now in a decline and unlikely even to start turning up again until 1989.

The results of the consultancy's study of the pattern over the past five years are set out in the table to the right. The annual totals appear beat was three duarters of the way down. actual distribution of offers was

January	124
February	104
March	106
April	92
May	99
June	104
July	107
August	84
September	89
October	110
November	111
December	70

broadly as follows:

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But the likelihood that the peak month of 1987 has already Then in mid-1985 the constant But any optimism raised by ings in food, drink and tobacco gone is unfortunately not the rise gave way to a continuing the relatively small drop in companies went the other way

executive job hunting? today. For despite ruling poli-The sad news for readers in ticians' optimism about job Britain, at least is that it is prospects generally, in the case the month which has just ended, of demand for executives it Moreover next winter will be looks as though the peak year almost on us before even the of the whole 1980s decade is

As you can see, the 1986 total was the lowest since 1982 which brought the market's first recovery from the trough of the year before, when the annual total was the lowest ever recorded at 18,795. From the middle of 1981 there followed four solid years in which every three-month period's count showed an increase over the figure for the corresponding quarter 12 months before. Then in mid-1985 the constant

UNITED	KINGD(191		RTISED D 191		FOR MAN		ND SENIC 19			NFF 182
Toma	Posts	Change	Posts	_	Posts	Change	_	Change		
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work	tised	1985 %	tised	1984 %	tised	1983	tised]982 % 十 49. 6	tised	1981 %
R & D	3,683	-44.8	6,674	—10.5	7.457	+ 3.7	7,189	+49.6	4,805	+77.3
Marketing	6,174	- 4.6	6,471	- 5.1	6,822	+ 6.5	6,407	+19.9	5,343	+38.6
Production	4,809	-31 <i>3</i>	7.036	+ 15	6.931	+ 14.B	6.039	+49.3	4,045	+39.4
Accounting	6,402	- 4.7	6,721	+124	5,978	+ 13.8	5,254	+18.1	4,447	+113
Computing	3.739	—13.8	4,337	+ 7.4	4,840	+34.8	2.996	+51.6	1.976	+65.1
General mot	1.268	- 5.1		+ 2.0	1.310	+ 26	1,277	+ 25	1.246	+67.9
Personnel	922	- 4.2	962	- 63	1,027	+14.9	894	+35.7	659	+41.7
Others	5,493	16.8		+14.6	5,759	+42.9	4,030	+35.4	2,976	+ 1.1
Total	32,490	—19.7	40,139	+ 2.1	39,324	+15.4	34,086	+33.7	25,497	+35.7
lan-March	8,804	-24.3	17,624	+ 9.3	10,637	+16.9	9,100	+37.5	6,617	+42.1
April-june	8,172	21.5	10,412	+ 3.8	10,034	+20.3	8,340	+49.2	5,590	十18.0
July-Sept	7,664	-19.4	9,507	- 2,6	9,760	+20.7	8,086	+18,5	6,822	+54,6
Oct-Dec	7,850	– 8.7	8,596	- 33	8.893	+ 39	8.560	+32_3	6,468	+29.3

The overall drop in job opportunities is not of course affecting all kinds of higher-ranked workers alike. As the top section of the table shows, sales and marketing specialists got away with only 4.6 per cent fewer openings in 1986 than in 1985, so doing even better than

ancy's three-monthly counts over the past five years are set out in the table to the right. The annual totals appear between the two thin lines about three quarters of the way down with the quarterly breakdowns for the respective years below.

As you can see, the 1986 total was the lowest since 1982 which around the rapid rates of early around the rapid rates of early 1986. which is normally a lead indi-cator of business activity—is surely quashed again by the fact that the number of jobs for them last year was still the lowest since 1982. What is more, quite the opposite of industrial expansion is implied by the plummeting of the markets for research design and develorresearch, design and develop-ment specialists, and produc-

> There is no cause for rejoicing either in the consultancy's count of jobs advertised by four major industrial sectors.

tion executives.

fewer openings in 1986 than in 1985, so doing even better than accounting and finance staff.

But any optimism raised by ings in food, drink and tobacco

fall from 4,888 to 2,911 in the high-technology sector is to at least some extent compensated by signs that the demand there has now stabilised at about 720

Unfortunately there was no sign of a halt to the drop in the energy-related industries which cut openings from 4,330 to only 1,525. The quarterly totals since the start of 1985 make arresting reading: 1,280, 1,032, 1,098, 920, 659, 352, 299, 215. "We thought it must have hit rock bottom when it fell below 300 in July to Sep-tember," said MSL's spokesman. "We no longer dare to forecast what might happen from now."

jobs a quarter.

not yet resigned itself to gloom. For one thing, the fact that past market downturns have always continued for several years is no guarantee that the although recruitment of executives is down, with few exceptions companies have not been chucking lots of them out. Besides, it is hard to be pessimistic when daylight in London not only lasts beyond 5 pm but is getting longer all the time.

however, the Jobs column has

Dealer

RECRUITER Jasmine Walker of the Roger Parker Organisaor the koger Farker Organisa-tion seeks a corporate dealer to work in the City of London for a bank she may not name. She therefore promises to abide by any applicant's request not to be identified to the employer at this stage.

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The critical, on-going task of keeping these clients closely informed on every aspect of the investment management of their schemes, from present performance to future strategy, is handled by the investment Services Unit. Internally, too, this unit plays a crucial role in gathering and presenting information on market conditions and competitor activity, and in doing so maintains a whole host of briefing material. In short, it fulfils a marketing and communications role which sharpens the competitive edge of PPM's investment management service.

That is the background to the appointment of a Client Liaison Executive to further strengthen the Unit. The individual has to be someone who, on the one hand, understands the investment world through first hand experience in a financial area such as fund management or investment analysis, and, on the other, is a natural communicator both orally and

will demand a high standard of report-writing and an understanding of the principles of artwork and design, for which training will be given where The ideal candidate would be aged mid to late 20's with the maturity and the presence to command the respect of senior financial directors within our client companies. The position will appeal to someone who recognises this as a

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If you wish to be considered for this appointment, please write giving age, details of qualifications, experience and current salary to C. E. Hughes Esq. MA FIA, Managing Director, Provident Mutual Managed Pension Funds Limited 25-31 Moorgate, London EC2R 6BA, marking the envelope "PERSONAL".

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If you are interested, please write enclosing cv to:

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Deputy Investment Manager, The Royal London Mutual Insurance Society Limited, Mercury House, Triton Court, 14 Finsbury Square, LONDON EC2A 1DP.

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We are also expanding our IN-HOUSE QUALITATIVE CONSUMER RESEARCH activities and have a vacancy for a psychologist consultant mainly for projects in the U.K. and West Germany. Candidates must have experience in conducting the non-directive individual interview and group sessions, in analysing and synthesising this raw material and report writing ability. An economics or marketing degree combined with one in psycho-sociology would be a major advantage.

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Unusual opportunity to build on and utilise an existing European network of local subsidiaries and branches



EUROPEAN EQUITIES — ANALYST/SALES EXECUTIVES

CITY

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£40,000-£75,000 REMUNERATION PACKAGE

MAJOR EUROPEAN BANK

We invite applications from Analyst/Sales Executives, who will have had experience in both company analysis and selling to institutional clients. The successful candidates will report to the Head of Equities and will have a primary responsibility for establishing and developing equities sales of specific European markets as well as advising on the whole team's coverage of Continental Europe, Regular visits to companies on the continent as well as lialson with the bank's own European branches and subsidiaries should be expected. A second European language will be a distinct advantage. The initial package of £40,000-£75,000 includes high base salary and profit related bonus (guaranteed for the first year), car and

banking benefits including mortgage subsidy.

For this assignment we are particularly lesen to hear from candidates in confidence by telephone on 01-638 0532 or alternatively written applications under reference EEA18744/FT will be forwarded unopened to our client unless you list. companies to which they should not be sent in a covering letter marked for the attention of the Security Manager, CJFA.

Opportunity for self-starter to develop this new role caused by expansion. Prospects to advance to Assistant General Manager within 2-3 years



OPERATIONS MANAGER – **INVESTMENT MANAGEMENT**

CITY

£25,000-£32,000 + BONUS + CAR + MORTGAGE SUBSIDY

INVESTMENT MANAGEMENT ARM OF EXPANDING MERCHANT BANK

We invite applications from individuals with an accounting or business administration qualification, who are unlikely to be aged less than 28, who must have had at least 3 years' demanding pension fund or investment management administrative experience. This will have included supervision of settlements, valuation of investment portfolios and dealing with a company's statutory requirements. Reporting to the Managing Director, the selected candidate will be responsible for: overseeing investment accounting and settlements; budgeting; computer systems; company secretarial compliance and SRO reporting matters as well as monitoring and analysing the investment performance of corporate client portfolios. Essential qualities are to quickly establish credibility within the existing team, diplomacy and self-motivation. Initial salary negotiable £25,000-£32,000 + borus, cár, mortgage facility, non-contributory pension, life assurance, free medical insurance and assistance with relocation if necessary. Applications in strict confidence under reference OM18746/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

Key Credit instrance opportunity to develop new business and to service existing clients



AGE 25-35

ACCOUNT EXECUTIVE --CREDIT INSURANCE

MAJOR LLOYDS BROKER

SALARY C£18,000 + CAR

Our clients are a progressive international Lloyds Broking Group operating a very successful UK Credit Insurance Division. They are seeking to expand and develop this aspect of their operations and as a result need to recruit an Account/Servicing Executive. In conjunction with servicing existing accounts the successful applicant will play an essential role in the production and development of new business, the potential for which is quite substantial. Success in this key area will be rewarded appropriately. Applicants should be aged 25-35 and be experienced in servicing the Credit insurance needs of a wide range of UK commercial and industrial clients in the context of their UK operations. Salary will be in the region of £18,000 pa and benefits include car, free medical insurance, pension, life assurance benefits and free restaurant. Applications in strict confidence under reference AECI/18749/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

CAMPBELL-TOMESTON RECENTEMENT ADVENTIONS LIMITED, 25 NEW STROAD STREET, LONDON ECOM THE

COCANICATIONS RECORDING ASSISTANCE ON RECONSTRUCT; PLEASE TELEPHOSE 01-028 7530.



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MNIM is responsible for the management of funds currently in excess of £1750 million ranging from small to large funds and including both open-ended and closed-ended investment vehicles.

We are looking for comeone who has an ability to work in an environment which encourages the individual to design their own approach to investment within the UK Equity market and so help to make a positive contribution to the activity of a highly professional investment team based in the City.

It is probable that the successful candidate will have a degree or professional qualification. Experience with a stockbroker or financial institution will be important but of greater significance will be the extent and depth of this rather than length of service.

If you think this is a role for you and you want a job where you matter, write in the first instance with a brief curriculum vitae to:

> Merchant Navy Investment Management, 105/108 Old Broad Street, London EC2P 2HR





Banking :

SENIOR ACCOUNTS

An outstanding career opportunity for a person aged m20's-m30's to assist in the management of an Accounts Department with one of the teading European Banks represented in London. Responsibilities will cover the full range of bank accounting functions with Initial emphasis on statutory and management reporting. SALARY: c£17,600.

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One of the world's major international Banks plans to strengthen its futures trading team by the acquisition of a person with at least one year's trading experience on the LIFFE floor. SALARY: c220,000.

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PHIVA I E BANKING

A progressive International Bank requires a well educated, ambitious person probably aged mid 20's, to be the Assistant to the Manager of a busy and expending Private Banking Section. Duties will involve a good degree of marketing and applicants should have previous experience in dealing with high net worth individuals. SALARY: to £20,000.

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A position offering scope and prospects within the marketing team of a first class European Bank. The situation requires a minimum two years generalist marketing covering a range of products in order to develop business opportunities and promote lending facilities to U.K. Corporates. SALARY: to £26,000 +

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APPOINTMENTS

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Experienced Spot Dealer required in all major currencies for private Must be able to work shifts. West End based. Salary negotiable Write with CV to Box A0392 Financial Times, 10 Cannon Street, London EC4P 4BY

UK EQUITY SALES - JAPAN

As a consequence of a significant increase in our International business from Japan, we need to recruit additional salespersons for our Tokyo office. There are two opportunities, and both require a detailed knowledge of the UK economy and stockmarket, and both are located in Tokyo.

OPPORTUNITIES IN TOKYO

For one of the appointments, fluent Japanese is essential, and it would therefore be attractive to a Japanese national presently working in London, and to whom further detailed training would be given prior to a return to Tokyo. Ideally, for the other appointment, the candidate will be sufficiently experienced to move to Japan within a short time.

These are senior appointments, with excellent career prospects, and this will be reflected in significant remuneration packages.

Candidates should write with full CV to Bruce Hacking, Hoare Govett Securities Limited, Heron House, 319-325 High Holborn, London WCIV 7PB. All applications will be treated in strictest confidence.

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HOARE

Fund Manager-UK Equities

A rare chance to undertake full Fund Management responsibilities with one of the City's finest institutions.

Although you are bound to be attracted by the Company's name alone, the true appeal of this opportunity lies in the nature of the role. You would be expected to assume immediate responsibility for the management of up to 10 substantial institutional client portfolios, for which you would determine stock selection for UK Equities and participate in deciding overall asset allocation strategy. Additionally, with an Assistant, you would be required to undertake specialist research for the department on two or three ASI sub-sectors. The climate is lively unbureaucratic and professional.

You would enter at either Manager or Assistant Director level, dependent upon your experience, and are likely to be in your late twenties/early

thirties. You will have several years experience of UK Equities Fund Management probably preceded by a period as an Analyst and will be professionally qualified or a graduate with well developed interpersonal skills.

The compensation package includes a very attractive salary car and full banking benefits. Further career development prospects are

If you would like to be considered, please write in complete confidence to **John Sears &** Associates, Executive Recruitment Consultants, Cavendish Court, 11/15 Wigmore Street, London WIH 9LB or telephone 01-629 3532.

John Sears

A MEMBER OF THE SMCL GROUP

ON-LINE FINANCIAL INFORMATION SALES EXECUTIVES Salary: Basic c £18K, OQE £30K

ONE OF the world's largest suppliers of on-line, real time information services, our client is seeking ambitious sales professionals to capitalise on the growing market opportunities created by the recent new products. AMBITIOUS AND enthusiastic graduates or equiva- up to £30K per year, these appointments will appeal to young high calibre sales executives looking for significant lents, aged 24 to 28, with a successful sales record are required to join a thriving New Business generation team operating in the City of London.

A THOROUGH understanding of business practices in the financial community is desirable. EXCITING CAREER opportunities exist within this

major international organisation, and with earnings of

THE COMPANY'S existing customer base includes stock brokers, banks, insurance companies, pension funds, unit trusts and other investment institutions. The objective is to grow these major accounts whilst developing excellent new business opportunities.

GROUP CREDIT MANAGER

Our client, a major food company based south of London

would like to hear from mature credit professionals who are able to offer a significant degree of experience together with demonstrable success in effective debtor control.

Reporting to the Financial Director, the Group Credit

Manager will be expected to make a major contribution to the success of this new post. Good communication skills at all

evels both internally and externally are essential as is the ability to manage and motivate staff towards the achievement of predetermined targets.

Applicants will be established Credit Managers with a first

class track record seeking a career move. Energy, self motivation and ambition are prime requirements to meet the

Salary is negotiable from £20,000, a car is provided in addition to the benefits normally associated with a large

inisation. Relocation expenses will be met if necessary.

35 Berkeley Square,

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FOREX AND MONEY MARKET DEALER 28-35 £25/35,000 pa Securities house saeks experienced person to set up foreign exchange and money market operation which will include CDs, Frs, options and arbitrage. This position would suit a customer orientated dealer.

orientated dealer.

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SWAPS, FUTURES & EURONOTES
International bank of reputs seeks manager to control the settlement of the sbote. Sale custody experience also sought, it is envisaged that the successful candidate will stready be second in charge of a reasonably sized department and is now ready to take complete control of primary and secondary settlements.

MANAGER ASSET CONTROL AND
FURDING — BONDS

205 £20,000 pa

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PUNDING — BONDS
The person sought will manage a profit centre funded by cash surpluces generated by failed settlements. The right background will be that of reducing overdrafts and recovering interest. Must understand balance sinest and how it works. This position would suit someone with an entropreseyrial streak and might appeal to onle with a dealing background. This is an excellent opportunity in a first-class bank in course of further expansion.

MARKETING OFFICER TRADE FINANCE pansion seeks services of marketing officer with previous experience of selling a baik's specialized services in the trade finance sector, and able to but deals together and supervising the analysis of the proposits. Previous credit experience necessary. Successful applicant likely to be a AIB or possibly a graduats.

Please taleohone Elizabeth Haviord on 61-377 FAM

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35 Berkeley Squar London WIX 5DA

Geoffrey Bradford.

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Buckingham Court, 78 Buckingham Gate, London SW1E 6PE. Telephone: 01-222 7766.

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Smith Barney, a leading U.S. investment and securities firm, is expanding its fixed income distribution efforts in London and is looking for experienced fixed income sales people. The first has recently expanded and improved its trading and execution capabilities in Eurobonds. U.S. Government and Domestic U.S. Fixed Income Securities. It has also added to its already substantial fixed income research capability in depth quantitative research. Compensation is highly competitive and based primarily

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Managing Director Smith Barney 18 Finsbury Circus London EC2M 7AQ

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Jefferies & Company is a premier brokerage firm specialising in the superior execution of large blocks of securities for institutions and corporations. and corporations.

Since 1962, in the United Scates, we have built up a strong team of skilled professionals to deliver our execution capability together with an increasing range of additional services critical to institu-

with an increasing range of additional services critical to institutional fund managers.

We are seeking to fill the position of Marketing Director for our London office. The successful candidate should be familiar with UK and/or European institutional investors, be experienced in market research/sales and be a professional who can quickly analyse, understand and develop a strategy for further penetration of the financial services sector.

We would also desire an addition to our Equity sales/trading team. Candidates should be highly motivated and experienced in selling shares to UK or European institutions.

If you are interested in joining a high-energy, superior team, please

If you are interested in joining a high-energy, superior team, please send your Curriculum Vitae to:

Jefferies & Company Limited



individual, Minimum 5 years' active trading experience essential

Devonshire House, 146 Bishopsgate, EC2M 4JX, 01-377.5040

PRIVATE CLIENT **EXECUTIVES**

Hesseltine, Moss & Co., part of the Brown Shopley Group, one of the largest specialist private client stockbroking firms in the U.K., are looking for private client executives in their

regional offices.

Applicants should have at least 5 years' experience in a similar stockbroking background and preferably should have a portfolio of their own clients. The positions would suit applicants who are finding it increasingly difficult to look after their personal clients in the new environment.

Positions are being offered at:-CHICHESTER GLOUCESTER OXFORD CARDIFF READING

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Please reply in confidence, sending curriculum vitae, to: A F Smith Heseltine, Moss & Co., Administration Director

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30/31 Friar Street, Reading RG1 1AH HESELTINE, MOSS & CO. Members of the Stock Exchange

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TORONTO DOMINION BANK

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The Toronto-Dominion Bank is one of the longer established International Banks in the City. We have strong representation in the United Kingdom and other major world markets.

As part of our continuing management development programme, we are recruiting several University graduates with at least two years' international

The successful candidates will be highly motivated individuals with the potential for accelerated development and progression. They will be assigned to one of our account management groups in London for training and development in Credit Analysis, Corporate Finance and Marketing. Following the completion of training and exposure to our corporate banking activities, challenging appointments will subsequently be provided in London.

Salaries will be based on the candidates' qualifications and experience and our benefits package is fully competitive with the financial sector.

Please write, including full details of your career to date, to:- Mr. J. W. Green, Manager, Human Resources, The Toronto-Dominion Bank, Triton Court. 14/18 Finsbury Square, London EC2A 1DB.



INTERNATIONAL

FUND MANAGER

(LONDON BASED)

The London Life Association, an old established Life affice with total assets in excess of £1.3 billion, is looking for an assistant to the Manager of the International Funds within the group to work at our affices in Bishopsgate EC2. These funds total about £200 million and besides the main life fund include unitised funds and segregated pension funds.

The position involves working closely with the senior fund manager who has wide discretion, and the person will be expected to contribute to the decisions made on the overall structure of the portfolios both geographically and by industry groups. On a day to day basis there will be the responsibility for managing the Japanese and other Far Eastern portfolios with significant freedom of action.

The successful candidate is expected to have a degree or professional qualification, will probably be 24/30 years of age and have at least 2 years relevant experience. A competitive solary will be paid and other benefits include:-

- Non-contributory Pension scheme immediate mortgage subsidy
- Please write enclosing full C.V. to Joe Wainwright, Recruitment Manager, The London Life Association Ltd. 100 Temple Street, Bristol, BS1 6EA.





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Experienced equities dealer sought by leading Investment Management Group. As part of a small and highly successful inhouse team, this is an ideal opporminity for an ambitious dealer looking for early responsibility and independence.

Aged mid-20s, the ideal candidate will have a minimum of 3 years equities experience of which 2 will have been in an active dealing role.

Salary £25,000-£30,000 + Bonus. Please contact Sara Bonsey.

18, Eldon Street, Moorgate, London EC2M 7LA, Tel: 01-588 4224

Trouble shooter livewire required

Our chairman needs second-in command to assist in the running of our fast-expanding group of companies. The Group's activities are many and varied

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Only positive thinkers need apply!

Write Box A0389 Financial Times 10 Cannon Street London EC4P 4BY

DYNAMIC DEALERS BONDS

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ow us to market your services in the strictest confidence Telephone David Jones or John Lord on 01-977 8105 0444 452209

an early meeting to discuss ir most important deal to date THE CITY RESOURCING 266 Bishopsgate London EC2M 4QS

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We work closely with the institutional departments of many of the City's most important securities houses (both UK and international) which means we are ideally placed to offer informed advice on a broad range of opportunities.

Demand for those with a successful track record in institutional equity sales is presently strong at all levels of seniority. Experienced analysts wishing to switch to sales would also be of interest.

If you wish to discuss a significant career move or would simply like to be kept informed of market developments, please contact Sally Poppleton or Anna Robson at the Securities and Investment Division, 39-41 Parker Street, London WC2B 5LH, or telephone 01-404 5751. Strictest confidentiality assured.

Only those with relevant City experience should apply.

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International Recruitment Consultants - London Brussels New York Paris Sydney

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Investment Marketing Manager

A small and successful international investment company based in London, with offshore affiliates, requires a seasoned and dynamic investment marketing executive. Specific experience in bond/stock underwriting, as well as venture capital. The candidate should be familiar with European and American financial markets, ideally aged between 28-40.

Responsibility primarily for business promotion in London and Europe through the broker/dealer system, as well as insurance companies, mutual/trust funds and pension funds.

Interesting salary package includes performance bonus and a good opportunity for further growth and expansion.

Write Box A0405, Financial Times, 10 Cannon Street, London EC4P 4BY

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Trust Officers, Law Graduates Chartered Secretaries Qualified Accountants

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Applicants should have a minimum of five years' experience in their field and possess a Trustee Diploma, a Law Degree, a Chartered Secretaries Diploma or a professional qualification in

The posts to be filled offer an attractiive tax-free compensation package which includes allowances and annual return air fares for the Officer and his dependants, a pension plan and medical and life insurance coverage.

Interested applicants should forward a full résumé of education and experience, which will be treated in the strictest confidence, to The Vice-President, Group Personnel, RoyWest Group, P.O. Box N 7789, Nassau, Bahamas. Preliminary interviews will be arranged with selected candidates.

THE ROYWEST GROUP IS ASSOCIATED WITH NATIONAL WESTMINSTER BANK PLC AND THE ROYAL BANK OF CANADA.

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Für den Frankfurter Geld- Devisen- und Wertpapierhandel suchen wir zur Ergänzung des zur Zeit aus 25 Personen

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BANKING

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Call or write: Mark Epstein THE SEPTEMBER GROUP INC 11611 San Vicente Blvd. Suite 840 Tel: 213/207-0444

London Interviews mid-February

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IS SEEKING AS U.K. REPRESENTATIVE

An experienced man between 30 and 45 years of age. Qualifications within the private banking sector are important merits. Reply to:

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CURRENTLY WORKING IN USA WISHES TO RELOCATE FOR NEW OPPORTUNITY MBA with undergraduate in Finance and Computer Science Age 27
Currently treasurer of \$150,000,000 revenue based Amery specific goods

Amex sporting goods corporation Extensive knowledge of the tennis industry Write Box AC391, Financial Times 10 Cannon St., London EC4P 4BY

General Appointments

REAL ESTATS EXECUTIVE — A vacancy oxisis in the London office of a newly fearmed property, investment and dealing company active in the United States, and Europea. We require a person aged between 25 and 40 with working experience and in-dealth knowledge of all aspects of European and United States real estabs. He or she must have an BMA or edunated qualification and accountancy and financial salids to evaluate a structure and administer transactions. The applicant should be fluent in English, German and lossily another West European Isrquege. The remuceration parkage—s company ctr. 8UPA and a salary which is negotiable pending on age and experience of approximantity which is negotiable pending on age and experience of approximantity which gon Accell. Plannois Immes. (4). Cannon Street, London ECAP 4BY.

European Investment Bank

£100,000,0009 per cent. Loan Stock 2001

S.G. Warburg & Co. Ltd. announce on behalf of European Investment Bank that in the six months preceding 16th January, 1987, 55,500,000 nominal amount of the above Loan Stock was cancel pursuant to the provisions of the Purchase Fund relating to the above Loan Stock in respect of the twelve

months purchase period ending on 16th July, 1987.
As at 16th January, 1987, 594,500,000 nominal amount of the above Lozo Stock was outstanding. S.G. Warburg & Co. Ltd.

Purchase Agent 44 February, 1967

IN AAA RATED BANK

CAREER OPPORTUNITIES

Due to continued development and growth of the London Branch of Rabobank Nederland, we now plan to strengthen our dealing, marketing and operational teams by appointing three skilled and highly motivated people to the following important positions.

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SENIOR SPOT DEALER

Salary from £25,000

We are seeking a Spot Dealer in his/her mid-twenties with a minimum experience of two to three years' active trading of major currencies at a leading bank, who is capable of establishing, enhancing and developing dealing relationships. This position would suit a dealer with a proven track record seeking to consolidate their market position

+car and benefits

CORPORATE ACCOUNT MANAGER We require an individual with good credit training and not less than three years' direct marketing exposure in a major bank in the UK, aged probably between 28 and 35. The successful candidate will have a wide knowledge of the UK corporate market and be experienced in dealing with customers who use a wide range of products, including FX, Documentary Credits, Money Morket operations, Currency and Interest Rate Swaps. The ability to work under pressure with minimum supervision and establish and achieve agreed targets is a prerequisite.

Salary to £20,000

+ benefits IBM ANALYST/PROGRAMMER This position demands a skilled person with at least three years' experience of computer programming with detailed knowledge of IBM System 36/38 operations and RPGII/III. As we will be developing a broad range of products—including interfaces with communication, information and dealing systems—experience of PC-based technology would be helpful.

Applicants should apply in the first instance in writing to the General

Vocational Training Council

The Banking Training Centre of Hong Kong

HONG KONG

Centre Manager

Vocational Training Council

Vecational Training Council

The Vocational Training Council (VTC), a statutory body responsible for Government assisted manpower training in Hong Kong, will establish a Banking Training Centre of Hong Kong by the end of 1987. The main functions of the Centre include the development and implementation of work-based courses with narrowly defined objectives to caler for the short-term practical training needs of various categories of banking personnel. The Centre will have a Centre Manager, professional, administrative and supporting staff. Applications are now invited for the post of Centre Manager for the administration and operation of the Centre.

Applicants should possess a degree and/or professional qualification in banking. They should have not less than 10 years post-qualification experience in banking part of which should be in managing practical banking training. Prior experience in setting up a banking training centre would be an advantage. The successful candidate will be expected to assume duty in mid 1987.

The post will distract a monthly salary of HK\$24,785-HK\$28.135 (\$1=HK\$11.75 as at 27.1.87 but this is subject to fluctuation) depending on qualifications and experience. The appointee with be aftered an initial contract of four years, inclusive of leave, plus 25% terminal gratuity upon satisfactory completion of the agreement. Thereafter, the appointee may be offered either contract or superannuable term at the discretion of the Vocational Training Council. Pringe benefits include leave and passages, housing, medical and denial treatments, 'children's education allowances and school passages.

Application forms are obtainable personally or by post from the Hong Kong Government Office, 6 Gration Street, London WIX 3LB. The completed application forms should then be returned direct to the Executive Director, Vocational Training Council, 15/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong to reach him on or before 28 February 1987.

REOUIRED

Manpower Development Advisor

TO WORK FOR PETROMIN MARKETING DHAHRAN, SAUDI ARABIA

PETROMIN MARKETING, a subsidiary of Organisation of Petromin and Mineral Resources (PETROMIN) engaged in the distribution of Petroleum Products in the Kingdom of Saudi Arabia, invites applications for the position of MANPOWER DEVELOPMENT ADVISOR who meets the following requirements:—

Master of Personnel Management with a minimum of eight years' experience, preferably in Manpower Planning and Development, fluency of written and spoken English and Arabic. Bachelor Degree with a minimum of 12 years' related experience, with fluency of written and spoken English and Arabic.

- Housing Allowance: Presently three basic monthly salaries per annum.
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- Free medical care for employees and family residing beside employee of Saudi

Arana.

Air fares for self, wife and two children.

12-month contract subject to renewal.

Salary commensurate with qualifications and experience.

To apply, please send your resume, to the following address: Mrs G. Eaves PETRONAL LONDON 15 Knightsbridge, London SW1X 7LY

SPECIALIST COMMODITIES TRADERS

Casalee Europe, a member company of the Casalee Group (a multinational organisation employing over 1,400 people worldwide) requires specialist traders in respect of the following commodities:

Chemicals Petroleum (oil and crude products) Metals Grains and Foodstuffs

Soft Commodities These vacancies arise due to the rapid expansion of our business and our determination to consolidate our position as an important trader in Europe. Located in our modern offices in Antwerp, Belgium, you should be able to contribute substantially to the growth of our entrepreneural organisation,

Applicants must therefore have a proven trading record in their areas of specialisation with a good base of existing custon The rewards will attract outstanding candidates and there will be a generous help with

Please reply in confidence, giving full particulars of your trading experience and



Please address your application to: V. L. Jelinek, General Manager CASALEE EUROPE N.V. Kontichsesteenweg 40, B-2630 Aartselaar (Belgium)

FERRANTI

Wednesday February 4 1987



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Hij ond Jacobski Newtonia Sette Carrolles

The Market

AFTER the party comes the hangover. West German shares are no longer among the top favourites of foreign investors, now that the dollar's slide has put a question mark over the country's exporting poten-tial, at least in the short term. For four years to last April, the West German stock market enjoyed surging share prices. More and more new companies came to the market - a record 24 last year alone - and even normally cautious Ger-man individuals dipped into their savings and bought stocks whose

prices never seemed to come down. Last week, though, was a very different story. On Wednesday, the market went into a sickening burch which left it at its lowest level for 13 months. The culprit was the dollar, down sharply on that day to around DM 1.77 compared with DM 2.45 at the inclusion of the Kentucky Fried the start of 1986. Prices, and the US currency, recovered on subsequent days, but few analysts see shares showing any sustained revival in

investors have not suddenly be come disenchanted with the German market, however, They actual

Andrew Fisher looks at the West German bourse

ly started drifting away from the party last April, when the four year bull market peaked with the Com-merzbank index at just under 2,280.

Since then, shares were mostly idling until last week's gyrations. While they never fell much below the highest levels of 1986, they failed to match the sparkle shown by many other world markets. The ndex ended the year just 5 per cent higher after a 76 per cent ascent in

With the dollar crashing lower, foreign investors saw the opportunity last week to take profits. Not only were share prices much higher than when they had bought in during the market's climb of the past few years, there was also an appetising gain from the sharp apprecia-

tion of the D-Mark.
Actual selling was not large, but
there was little buying to check it. Thus, the Commerchank index lost 5.3 per cent on that day, and the drop of 98.5 points was the largest ever daily fall.

The index ended the week at 1.808.2, having pulled out of the unsuccessful in the face of refusals of Mr Lindner's financial empire slide which left it 15 per cent lower by reinsurers to make good contest-would also be affected by a liquidon Wednesday (at 1,741.1) than the end-1986 level. So what lies in store for the market?

Since the strength of the D-Mark will dampen profits on exports, selling by foreign investors is seen by many analysts as more likely to in-crease than tail off. "A rate of DM 1.70 is more probable than DM 2. one market observer at a leading German bank said. There is no particular reason to expect much improvement in prices in the next

Not that German exporters are expected to collapse under the weight of the D-Mark's strength. Exporting is the lifeblood of the

German economy. The export situation is certainly not disastrous," reckoned Mr Gunther Mecklenburg, a general manager of BHF Trust. "German companies will accept lower profits rather than lose market share." Companies such as AEG (electronics), MAN (engineering), BMW and Porsche (cars), and Puma (sports shoes) have complained of chills on the currency front.

Puma caused a market sensation

two weeks ago when its shares slumped by DM 159 to DM 450 in one day after it announced US losses and write-offs. It had been murt by the dollar's fall, but more damagingly had reacted too slowly to changes in the US market. As a once-glamorous new issue of 1988, Puma's upsets highlighted the speed with which exporters for-

tunes can change. With the market in its present state, the new issue trend is unlikely to be so lively in 1987. One problem of the German market is that trading is still concentrated in a few well-known shares. Half of Frankfurt's turnover is in only 10 shares. The newly quoted issues of the past few years account for only 5 per

Investors will still have to stump up plenty of cash in the next few months. Aachener and Münchener, the insurance group, plans a DM 1.34bn rights issue, and the Government is selling a 25 per cent stake in the Veba energy group for DM 3hn. Deutsche Babcock, the engineering company, also intends to

make a rights issue. Thus German stock markets will need to be resilient. And with prospects for export-oriented shares looking bleaker - Commerzbank's motor share index is down 27 per cent this year - attention has switched to less internationally known construction, stores and consumer stocks. It is hardly a recipe

PepsiCo profits lifted in quarter by acquisitions

Cola, has reported strong earnings growth thanks to acquisitions of restaurant and soft-drink compa-nies and higher volumes in existing

Net earnings from continuing operations rose 11 per cent to \$116.6m, or 44 cents a share, in the fourth quarter ended December 27, from \$105m, or 39 cents, a year earlier when the loss from a discontinued operation made final net \$89.3m. Sales rose 35 per cent to 53,12bn

In the latest quarter, restaurant Chickengroup acquired on October 1. Soft-drink earnings increased 31 per cent on a 40 per cent rise in sales thanks to a 7 per cent increase in volume and the acquisition of

MEI, a domestic bottler. For the full year, net profits from continuing operations grew 9 per cent to \$457.8m, or \$1.75 a share,

PEPSICO, the world's second big-gest soft drink company after Coca-er when income from discontinued operations made final net \$543.7m, or \$1.94. Sales expanded 21 per cent to \$9.29bn from \$7.65bn. Soft-drink earnings advanced 23

per cent on a 32 per cent sales increase with domestic volume rising 7 per cent, or 1% times faster than the industry. Pepsi's strong performance was underpinned by success of its Diet Pepsi and Slice drinks. Internation-

al performance benefitted from the acquisition of Seven-Up Interna-Pepsi's 14,800 restaurants in three chains increased operating profits by 6 per cent on a 29 per cent

rise in sales. Snack-food profits fell 13 per cent on a 6 per cent sales Foreign operations in total had a 29 per cent rise in sales but an 8 per cent decline in earnings. Pepsi fore-

cast a rise in operating profits in the current quarter with help com-ing particularly from Frito-Lay, its snack-food business.

Mission Insurance faces liquidation

BY ANATOLE KALETSKY IN NEW YORK

MISSION INSURANCE, the struggling California insurance company assets of \$165m against liabilities of controlled by Mr Carl Lindner's \$613m. In December, the California American Financial Corporation, is Insurance Commissioner filed a likely to be liquidated within the suit seeking to recover \$700m in next few weeks, following a court reinsurance claims plus \$500m in request filed on Monday by the Cal- punitive damages from 14 reinsurifornia State Insurance Commis-

Mission, which specialised in liability and workers' compensation insurance, has been in trouble for more than a year as a result of huge underwriting losses from an unsuccessful move into reinsurance It was placed under state conser-

vatorship in October 1965, and its. by insurance companies operating subsidiaries, Mission National Insurance, Enterprise Insurance, Hol-November.

In September, Mission reported ance companies connected with

If the courts agree to the Insurance Commissioners' request for a liquidation, most of the outstanding claims against Mission will be turned over to the California Insurance Guarantee Association, a government-sponsored fund provided

There are 13,000 claims outstandland-America Insurance and ing against Mission in California Mission Reinsurance, followed in and these could increase substantially the Guarantee Association's A financial rehabilitation was apassessments on other insurers, proved by the California courts in which last year totalled only \$58m. March last year, but this has been It is not clear whether other parts

American Cyanamid set for sustained growth

BY OUR FINANCIAL STAFF

AMERICAN CYANAMID, the US earnings to major gains in operat-pharmaceuticals and specialty ing profits at all four business chemicals group, boosted fourth-quarter profits from \$10.5m or 24 product introductions, continuing cents a share to \$52.1m or \$1.13. cost-reduction programmes and in-

Fourth-quarter sales rose 7 per cent to \$950m from \$890m a year earlier. For the full year, net earnings by 28 per cent last year to \$184m, while profits in the agricultural group rose 86 ings emerged at \$202.5m or \$4.36, up 57 per cent from the \$129.1m achieved in 1985. Revenues rose 8

BY ANATOLE KALETSKY IN NEW YORK

However, last year's profits were depressed by after-tax provisions of \$28.2m or 59 cents a share.

creased volumes in overseas markets, as well as the favourable impact of the weaker US dollar."

The company's medical group lift-. per cent to \$84.1m. .

On the chemicals side, where Cyachieved in 1985. Revenues rose 8 per cent last year from \$3.54bn to \$3.82bn.

Mr George Sella, chairman, said he expected sustained growth in the superced sustained growth in the company of \$3.1m in 1985. The Shulton company of \$3.1m in 1985. The Shulton company of \$3.1m in 1985. future for the company.

Mr Sella attributed increased profits by 28 per cent to \$32.8m.

Chicago doctor bids \$1.7bn

for American Medical group

AMERICAN Medical International (AMI), the oldest and third largest hospital chain in the US, received an unsolicited \$1.7bn takeover bid (with much of the US hospital indus-

yesterday from Dr LeRoy A. Pesch, a Chicago physician and investor who has already acquired control of pearly 100 hospitals and clinics in procedures by private health insur- last year, but bed occupancy in US

further 29 in 11 other countries, in-cluding Britain, Switzerland and Saudi Arabia. standing shares, follows a fierce re-trenchment by AMI's present man-AMI made a profit of \$28.6m or 33 agement. In its last fiscal year, end-cents a share,

Electrolux dips as lower \$ takes toll

By Sera Webb,

ELECTROLUX of Sweden, the world's leading household appliances group, reported flat profits despite a 37 per cent increase in turnover in its preliminary 1986

The group blamed the disap-pointing figures on the lower dol-lar, tougher competition and increased restructuring costs.
Sales totalled SKr 53.05bn

(\$8.25bn), compared with SKr 39,688bn last year, and were osted by the acquisition of hite Consolidated Industries in the US (which has annual sales of about \$1.95bn), and of Zamussi, the Italian home appliances

Electrolux recently acquired Gotthard Nilsson, a metal recycling company with annual sales of SKr 1.2bn, through its Gränges subsidiary. Results from this company have been consolidated since October 1.

Group profits after financial items are expected to be the same as last year at SKr 2.57bm and were slightly below market

The dollar's fall has affected the group's results throughout the year, particularly in the final quarter when profits declined. Electrolux has both revenue

and costs quoted in dollars and the group's North American opns are mainly based on locally manufactured components. This year, Electrolux expects about a third of its total sales to be in the US market.

Demand in the main markets benand in the main markets was good, but price competition was strong and Electrolux reported lower profit margins.

Mr Anders Scharp, chief executive, said the group had continued its restructuring programme as a rescult of the acqui-

sitions, but that costs in this area had been about SKr 100m higher

Analysts believe that the posi-tive effects of these measures may not be felt until 1988. The board proposed increasing the dividend from SKr 7.5 to SKr

French Post Office returns to black

By George Graham in Paris PRANCE'S Post Office returned to profit last year for the first

time in 20 years.

The post office made a small operating profit of FFr 100m (\$16.6m), compared with a loss of FFr 430m in 1985, Mr Gerard Longest Minister of Posts and Longuet, Minister of Posts and Telecommunications, said yesterday. Turnover rose 8.3 per cent to FFr 59.3bn.

For the first time, the French Treasury paid interest on the FFr 118bn of postal cheque-book ac-counts which the post office de-posits with it. Last year the interest paid was only 0.01 per cent, but this year the remuneration

The post office increased the total of its funds and deposits — including savings books and mutual funds as well as postal cheque accounts - by 5.5 per cent in 1986 to FFr 463.3bn. Postal services' volume rose 3 per cent, with a total of 16.5bn letters and parcels handled.

CONCERN AT WEAKENING ECONOMY AFTER FLAT FIRST QUARTER

Siemens worried over outlook

BY ANDREW FISHER IN FRANKFURT

SIEMENS, the West German electrical and electronics group, report-ed flat first quarter earnings and expressed concern about the weakening state of the economy and the effects on sales of the dollar's sharp

Net profits for the three months to December 31, 1988, totalled DM 296m (\$164m) against DM 298m in the same period of the previous year, with turnover unchanged at DM 10.8bn and new order inflow 6 per cent higher at DM 13.5bn. Siemens has already reported

that its 1986 profits dipped from DM 1.53bn to DM 1.47bn on turnover which was down from DM 54.6bn to DM 47bn. The 14 per cent fall in turnover was mainly due to the lack of new nuclear power station orders and the fall in the dol-

The group is maintaining its dividend at DM 12 a share. Asked about its interest in buying CGCT, the French telephone equipment mak-er, Mr Karlheinz Kaske, the chairman, said Siemens was waiting for



man ... no decision on CGCT

the decision of the Paris Government. On Monday, Paris set a price of FFr 500m for CGCT. Although only 20 per cent of its actual ownership is up for sale, the purchaser is

Mr Kaske said that the overall economic outlook was "less friendly" than a year ago. Siemens' growth rates in its major activities. competitors had benefited from the The group continued spending effect of the strengthening D-Mark on the German group's competitiveness. "We must try even harder to deal with this," he added.

Mr Kaske said Siemens could view the fall in the dollar more similar level in 1987. calmly than some other companies, however, because only 20 per cent of its US business consisted of imports from Germany. Its US subsidesign of the subsidesign o diaries already did 15 per cent of their business outside the US.

This year, the US subsidiaries' import level would drop to about 10 per cent of their total turnover, expected to be up from \$2.2bn to mer. \$2.6bn. Exports from the US should Li exceed Siemens imports into the country, he said. The group lost about \$100m in the US last year, mainly because of high start-up

also likely to achieve management changes in currency rates, Siemens would see a further improvement in business this year, he said. However, there would be no dramatic

> The group continued spending heavily last year, with a 48 per cent jump in investments to DM 6.1bn and a 13 per cent increase in re-search and development outlays to DM 5.4bn. Investments will be at a Siemens said spending on its Me-

megabit capacity, totalled about DM 650m and would rise sharply this year. It expects to be able to supply the market with large volumes of these chins from this sum-

200m in the computer components sector as a result of weaker demand and falling prices. In the whole group, capacity utilisation eased costs of new businesses.

If there were no further drastic is expected to ease further in 1987. from 86 per cent to 84 per cent and

Inco back into the red

BY KENNETH MARSTON, MINING EDITOR, IN LONDON

producer of nickel, has slipped back metals and gold. into the red in the final quarter as a result of lower metal prices. The had been seen in the alloys and en-

year ago. The result for the full year is a nodest profit of \$0.2m against \$52.2m. After allowing for dividends 1985 profit of \$27.8m.

Compared with 1985 nickel prices received fell 13 per cent in the final

INCO, the Canadian company costs and higher prices for the comwhich rates as the world's largest pany's by-product platinum group

loss for the period amounts to gineering products business during US\$6.5m against a profit of \$7.8m a the first three quarters of 1986 fell away in the final quarter owing to competitive pressure on prices.

Charges for production shutdowns and severance costs last on preferred shares, Inco comes out year rose to \$28m from \$19m in of 1986 with a net loss of \$16.6m, or 1985, while foreign exchange move-16 cents per share, compared with a ments resulted in a 1986 loss of \$2m against a gain of \$13m in the previ-

End-1986 nickel stocks amounted quarter of 1986 and 16 per cent on to 70m lbs, the same level as at a the full year. The declines were paryear ago. Total debt rose by \$68m in tially offset by reduced operating 1986 to \$995m.

Lower metal prices push Viag to invest DM 4bn over next 5 years

BY OUR FRANKFURT STAFF

VIAG, the West German energy, alper cent, and chemicals for 7 per uminium, and chemicals group in cent.

Which 40 per cent of the shares

Turnover in 1986 was slightly were privatised last June, plans to make capital investments of about DM 4bn (\$2.2bn) over the next five

the group, said group profits were terms, with the energy figure lower expected to total about DM 140m as a result of reduced gas prices. last year against DM 122m in 1985. The dividend will be raised from DM 5 to DM 6 a share.

shareholdings last year increased stakes in German utilities. A fur-from DM 200m to DM 265m, with ther 30 per cent would be spent on the energy sector accounting for 76 its aluminium activities. per cent, aluminium – it owns Ver-einigte Aluminium-Werke – for 17 the investment from its cash flow,

Turnover in 1986 was slightly down at DM 11.6bn against DM 12.2bn, with energy making up DM 5bn and chemicals DM 5.3bn. Curmr Werner Lamby, a director of um and chemicals sales in D-Mark

Mr Lamby said that 60 per cent of the dividend will be raised from the proposed capital spending up to and including 1991 would be in the viag said gross profits from its energy division, where it holds

All of these securities having been sold, this announcement appears as a matter of record only.

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care system.

erates 95 hospitals in the US and a in cash for each of AMT's 86.9m out- plans.

BY ALAN CANE IN LONDON

the US and Switzerland.

AMI, which has initially declined

comment on the bid, currently op-

on-a-chip. The chip is a "colour look-up

ance providers and the state Medi- hospitals has also been falling and

The Pesch bid, which offers \$20 cent cut in its capital investment

IBM, the world's largest computer table," an electronic palette which chief executive, confirmed yestermanufacturer, is incorporating a special silicon chip developed by Inmos, the troubled semiconductor screen in any one of 296 separate manufacturers of computer video subsidiary of Thorn EMI, in a new colour shades. It is a variation of monitors, but refused to confirm range of powerful personal computers the Inmos "transputer," the UK the IBM chip orders. ters it intends to announce later company's revolutionary computer-

He agreed, however, that rela-Mr Douglas Stevenson, Inmos' tions with IBM were "excellent."

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General Dynamics hit by \$420m Cessna charge

tion of Cessna Aircraft, lost \$326.1m or \$7.64 a share in the final quarter of 1986. This reduced its net dustry contributed to this improve-\$326.1m or \$7.64 a share in the final income for the full year to \$52.5m or ment, we also believe that the ac-

The company earned \$361.1m or The company earned \$381.1m or sponse to the depressed conditions \$8.53 a share in 1985. It said that, of this market will contribute favouexcluding the effects of the Cessna charge, the company earned \$357.6m or \$8.38 a share in 1988.

In the fourth quarter of 1986 it ed a steady performance and the earned \$85.6m or \$2.01 a share from group's programmes remain at the continuing operations, compared with \$82.2m or \$1.94 a share in the military planning into the next censame period of 1985. The group's tury, sales rose 12 per cent in 1986 to Hi

Mr Stanley C Pace, General Dy-heed, the US aerospace group, to a share namic's chief executive, said: "Op-\$110m or \$1.67 a share, against \$10.27bn.

GENERAL DYNAMICS, the big US erating earnings at Cessna were \$125m or \$1.98 in the same period defence contractor which warned above break-even during the fourth last month that it planned to take a quarter, and significantly better \$420m write-off on its 1985 acquisi- than in each of the three previous quarters of 1986.

tion taken during the quarter in rerably to 1987 results."

He said that the group's major defence business segments reflectgroup's programmes "remain at the beart of US strategic and tactical

• Higher interest costs depressed

last year. Sales rose from \$2,73bn to

Increased costs in certain electronics and aircraft modification programmes, cost-sharing on several development programmes and hind the fall.

Greater Government demand for contractor cost-sharing on increas ing investment on new programme development, increasing investment in new technologies and increasing competition for declining "hazards for future profitable growth."

For the full year net profits were little changed at \$408m, or \$8.18 a fourth quarter net earnings at Lock- share, compared with \$401m, or \$6.1 heed, the US aerospace group, to a share. Sales moved up to

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Asarco returns to the black

BY OUR FINANCIAL STAFF

fourth quarter, earning \$28.2m, or 77 cents a share, compared with a results reflected higher earnings loss of \$24.9m, or \$1.08, last time. its of \$9.1m for the full year, compared with a loss of \$62.2m, or \$2.87 a share, for 1985, although at the per-share level this time it lost 46

\$254.9m from \$308.9m, but for the ty earnings were \$20.6m, against a year they were flat at \$1.1hm, com-loss of \$19.7m. pared with \$1,2bn.

Among the gains included in the latest figures for the quarter and rignificant in the quarter.

Asarco said the improvement in

and currency gains from associated This took the company into prof- companies, as well as the increasing impact of the group's cost reduc-

Earnings from its equity in asso-ciated companies, mainly in Auscents after paying preferred divi- tralia and Peru, improved to \$17.4m in the quarter against a loss of Revenues for the quarter fell to \$14.4m last time. For the year, equi-

Effective changes in the prices of the group's major metals were not

ASARCO, the US metal mining excess metal stocks valued on a last group, returned to the black in the in first out (Life) basis.

earnings increased to \$10.8m, or 28 cents per share, compared with cents per share, compared with \$6.6m, or 12 cents, in the corresponding period last year.

For the year, the company's net income more than doubled to 561.4m, or \$1.79, compared with \$29.5m, or 61 cents, in 1985. \$845.9m from \$886.6m in the year,

and from \$220.1m to \$206.2m in the

quarter. All net figures included gains from tax loss carryforwards. The company said that New York Commodity Exchange spot price for copper cathodes averaged 59.4 cents in the fourth quarter and 61.6 cents for the year, compared with 61.6 full year were \$14.9m and \$26.9m • At Phelps Dodge, the largest US cents and 61 cents, respectively, in respectively from the liquidation of copper producer, fourth-quarter net the comparable 1965 periods.

Dome future in doubt over debt

BY BERNARD SIMON IN TORONTO

world's biggest corporate debtors, has again seen its future thrown into doubt by the decision of a small Swiss creditor to begin legal pro-ceedings for repayment of a SFr 50,000 (\$32,798) note.

tion put the company in default on three issues of its Swiss franc debt. It also gives all other creditors the pal payments while it negotiated a option to rescind waivers granted complex financial restructuring inlast year on the bulk of the compa-

DOME Petroleum, the Canadian ny's interest and principal pay-chunk of its debt into securities. energy producer which is one of the ments. The situation has obviously The official declined to give for deteriorated," the official said.

Dome owes about C\$6.1bn (US\$4.59bn) to 54 international banks as well as to a number of as- tured lest October sociate companies and private in-

The slump in oil and gas prices forced the company last year to ask for waivers on interest and princivolving the conversion of a sizeable we'll pay him."

The official declined to give further details on the disgruntled creditor beyond identifying him as a Swiss. The note in question ma-

Dome has until February 23 to re spond to the Swiss claim, which was lodged in the Zurich commer cial court. However, the company has consistently taken a hard line towards recalcitrant creditors complex financial restructuring, in- Dome official said: "I don't think

Redemption Notice

City of Oslo (Norway)

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NOTICE IS HEREBY GIVEN, pursuant to the Fiscal Agency Agreement dated as of March 1, 1976 under which the above described Bonds were issued, that the Ciry of Oslo has elected to redeem on March 1, 1987, through the operation of the Sinking Fund, all of the

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maintained by the payee with a bank in New York City.

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Coupons due March-1. 1987 should be detached from the Bonds and presented for payment in

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CITIBANK, N.A.

For the CITY OF OSLO (NORWAY)

January 21, 1987

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December, 1986



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(Incorporated in Hong Kong)

125/2% Guaranteed Notes Due 1992



NOTICE IS HEREBY GIVEN that pursuant to Condition 5(c) of the Notes, US \$1,000,000 principal amount of the Notes has been drawn for redemption on 9th March, 1987, at the redemption price of 101% of the principal amount, together with accrued interest to 9th March, 1987. The serial numbers of the Notes drawn for redemption are as follows:—

63	1154	1790	2840	3684	4898	5718	6843	8011	8999	10175	11106	12313	13360	14304	15096	16604	17286	17727	19990
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347	1310	2033			5166		6997	8152									17428		
365	1316					6105		8215									17570		
425			3103					8404									17613		
504	1480	2327		4428		6316		8481									17628		
514	1565	2336				6440											17663		
683	1598	2515		4594		6454		8669									17726		
698	1698	2518				6644 6817		8713 8767									17736 17768		
802	1769	20/8	2002	4014	JU74	UO1/	OUR	9101	AANO	respon	15041		14791	13004	104/3	11140	T1100	10023	12102

On the 9th March, 1987, the said redemption price will become due and payable upon each Note to be redeemed, together with accrued interest from 20th February, 1987 to 9th March, 1987 amounting to US \$33.32 per US \$5,000 Note. On and after that date, interest on the said drawn Notes will crase to accrue. Payment of the Notes to be redeemed will be made on or after 9th March, 1987 upon presentation and surrender of the said Notes, with all coupons apperlaining thereto, at the office of any of the Paying Agents mentioned thereon. After 9th March, 1987 US \$6,000,000 principal amount of Notes will remain outstanding.

The Chase Manbattan Bank, N.A., London, Fiscal and Principal Paying Agent

4th February, 1987

A new over-the-counter market erupts in Japan. Yoko Shibata reports | Two equity

Euroyen phenomenon sweeps Tokyo

in Tokyo. The total value of yield insurance schemes transactions by the big four Japanese brokerage houses jumped fourfold in December to Y622.8bn (\$4.1bn) from the previous month. That figure was previous month. That figure was 2.1 times larger than over-the-counter transactions of Samurai bonds (yen-denominated foreign bonds issued in Japan).

"Brisk transactions Euryen bonds have been a phenomenon here since last October," according to a dealer from Nomura Securities.

Leading Japanese banks have also got into the act in a have also got into the act in a rare attempt to breach the legal wall separating the securities and banking industries in Japan. Those with investment bank subsidiaries in London have long been active in the Euromarkets, both as underwriters and traders. Also it is an open secret that the London branches have set up informal representative offices informal representative offices in Tokyo in recent months. One such office is even staffed with a British secretary to preserve

Until recently, Euroyen bonds were of interest mainly to European and US investors, and so tended to be traded almost entirely in London. But Japanese institutional investors. who are suffering from falling yields on domestic securities, have begun to take the view that Euroyen bonds are relatively undervalued.

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

London, Frankfurt, New York

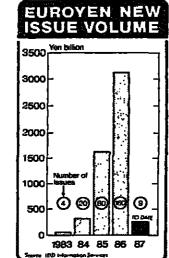
Staying in ISTANBUL?

Complimentary copies of the Financial

Times are now available to guests staying at the following hotels in Istanbul:

DIVAN -- HILTON -- SHERATON

The rules for their new high- the summer of 1986. lack of paper to satisfy the yield insurance schemes An investment trust manage- suddenly increased demand.



they can obtain on them compared with domestic bonds. Euroyen bonds also have the

Euroyen bonds also have the considerable merit these days for a yen investor of being free from falling rields on domestic securities, have begun to take the view hat Euroyen bonds are relatively undervalued.

Livoyen bonds also have the considerable merit these days for a yen investor of being free from the risk of foreign houses have been building up their Euroyen sales departments as the OTC boom shows also have the considerable merit these days for a yen investor of being free from the risk of foreign the risk of for

A LARGE over-the-counter companies are particularly ments in US government bonds dealer-to-dealer transactions secondary market in Euroyen attracted to Euroyen bonds, between September 1985 and One worrying factor is

foreign exchange risks." Large lot buyers, such as life appreciation.

insurance companies or trust banks, usually place their Eurodirectly into the London market. But smaller institutional buyers. such as non-life insurance companies, investment trusts, regional banks and local credit associations, are now tending to buy them in Tokyo, according to the Nomura dealer.

Nomura said its transactions the monthly average of the pre-

the monthly average of the previous five months.

Japanese investors' favourite
Euroyen bonds are those with
five years remaining before
maturity, issued by triple A
borrowers such as the World
bank, Canada or Australia.
Recently. however. investors
hungry for high yielding instruments have also been buying
issues with 10 years remaining
to maturity and issued by single

One worrying factor is the lack of paper to satisfy the Non-resident borrowers have been staying away from the Euroyean new issue market because of the unfavourable conditions for currency swap-ping caused by the yen's steep

Few non-Japanese borrowers usually place their Euro-bond buying orders the primary market's strength has arisen from the opportunities it offers them to swap low-coupon Euroyen bonds for debt denominated in other Securities companies' dealing

departments are now urging their underwriting staffs to arrange more new Euroyen issues. In the past, Euroyen last December amounted to underwriting departments Y275.8bn, 2.5 times a s large as tended to have a low profile in the brokerage houses' business because the scramble to obtain ranking pared underwriting fees to the bone.

Underwriters are currently trying to interest Japan's big steel companies, such as Nippon Steel and Kawasaki Steel, in bringing Euroyen bond issues

Another problem is Japan's 90-day rule, which prohibits any transfer of Euroyen bonds to maturity and issued by single
A private sector borrowers, the
Nomura dealer said.

any transfer of Euroyen bonds
into the domestic market until
90 days after the issue date. into the domestic market until 90 days after the issue date. Dealers say this rule holds back liquidity in the secondary market, and the securities in-dustry is considering asking the Ministry of Finance either to repeal the rule or to shorten the

Nordic backing for venture by **Staffan Gadd**

By David Lascelles

MR STAFFAN GADD, former chairman of Samuel Montagu, has launched a financial services company backed by £12.7m (\$19.3m) of investment, mainly from Nordic institutions.

The new company, SG Invest-ments, is listed on the Luxembourg stock exchange, and will conduct investment banking and investment management services. It may later engage in other activities such as insurance broking and financial pub-

Staffan Gadd-looking for



He relations.

Mr Gadd will be chairman of Sweden, and Mr Erik
Other board members are Mr Menckel, finance director of the Hans Mikaelsson, the former Swedish employers' federation.

These Notes having been sold, this announcement appears as a matter of record only

New Issue

January 1987

Household Financial Corporation Limited

(Incorporated under the laws of Ontario, Canada)

Can. \$75,000,000 10% Guaranteed Notes due 1992

Unconditionally guaranteed as to payment of principal and interest by

Household Finance Corporation

(Incorporated under the laws of Delaware, U.S.A.)

Orion Royal Bank Limited

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

Algemene Bank Nederland N.V.

Bank of Tokyo International Limited

Banque Nationale de Paris

Commerzbank Aktiengesellschaft

Crédit Communal de Belgique S.A.

Credit Suisse First Boston Limited

Dominion Securities Inc.

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft Merrill Lynch Capital Markets

Carlo Santaga Carlo Carlo

Nomura International Limited

Swiss Volksbank

Bank of Montreal Capital Markets Limited Banque Bruxelles Lambert S.A.

Banque Paribas Capital Markets Limited County NatWest Capital Markets Limited

Crédit Lyonnais

Daiwa Europe Limited

EBC Amro Bank Limited

Goldman Sachs International Corp.

Morgan Stanley International

Shearson Lehman Brothers International

·S. G. Warburg Securities

Wood Gundy Inc.

warrant issues by Japanese

THE EUROBOND market traded quietly yesterday ahead of the first of this week's US Treasury auctions. Dealers were waiting to see how much foreign demand the auction would provoke, in view of the weakening of the dollar over the last few

New issuing activity was low, although two equity warrants issues surfaced for Japanese companies. Like three issues earlier this week, these bonds reaped the benefits of the recent strong gains on the Tokyo stock market. Both deals were both led by Nomura International and both have five-year lives and indicated 31 per cent coupons. They were a \$50m issue for Tokyu Store Chain, the super-

INTERNATIONAL BONDS

store company, and a \$85m issue for Ryotaru, a sushi restaurant chain.

These traded at premiums

to their par issue prices. Meanwhile a recent deal for Stoman was increased by \$20m to \$100m, and its coupon cut by } to 3} per

The Euroyen sector continued firm, with prices gaining by about \{\partial percentage point yesterday. Nomura and Nippon Credit International, as co-lead managers, jointly launched a Y20bn bond for Electricite de France that

met strong demand.

Nomura said demand had come not only from the Far East but also from Europe. Aside from the attractions of Edf's name, Continental investors may be increasingly interested in Euroyen bonds at the moment as the D-Mark has strengthened against the yen. Dealers said the terms of

Dealers said the terms of EdF's seven-year bond—a 5t per cent coupon and 101t issue price—were generous, and the deal traded well within its 1t per cent fees.

Morgan Guaranty followed up a crop of currency warrants launched last week, based on the D-Mark-dollar exchange rate, with an issue of 200,000 warrants to buy £500 at an exchange rate of DM 2.74 to the pound. The

DM 2.74 to the pound. The issue was for DG Bank.

issue was for DG Bank.
In the D-Mark market, the
Bundesbank replaced 2 29day DM 10.5hn repurchase
agreement with 2 DM 16bn new repurchase agreement, boosting liquidity in the domestic market. Some of the positive tone spilled over into the EuroD-Mark sector where prices ended the day about a point firmer. Deutsche Bank

100m six-year bond for Bank of Tokyo. The 5½ per cent issue, priced at 100½, met a firm reception and traded at hid write of 100½. a bid price of 100%.

Dealers said the bond's six-year maturity was attractive, and the bank is well known in Europe. In Switzerland, the market

started off quietly but livened up later, although prices were unchanged on the day. Late in the day the big banks announced they were cutting three-to-eight month customer time deposits by { per cent to 3 per cent. Hokkaido Electric Power's

Str 150m bond ended its

second day's trading at 99—
the same price as on its first
day's trading though 14 points
below its issue price.
Swiss Volksbank led a Sfr
150m five-year note for Aoki,
the Japanese construction
company which also operates
hotels abroad. The 44 per
cent deal was priced at 1004.
Credit Suisse led a Sfr50m
two-tranche issue for Stewag,
the Austrian power utility.
The first Sfr25m five-year
tranche is priced at par with
a 44 per cent coupon. The
second tranche, which
matures in six years, is priced
at 1004 with a 44 per cent

at 100; with a 4; per cent Handelshank launched a Sfr30m five-year note with equity warrants for Izutsuya Department Store of Japan. The indicated coupon is 21 per

Algemene Bank Nederland led a Fl 300m 10-year 61 per cent domestic bond for the World Bank, priced at 391. Meanwhile, Amsterdam-Rotterdam Bank led a Fl 200m in the Fernand Meanwhile, were stated to the fernand means the fernand means at the fernand means the fernand means at the fernand means the fe issue in the Euroguilder market for itself. The 6 per cent

In Luxembourg francs, temira Oy, the Finnish overnment-owned chemicals Kemira Oy, the government-owned company, issued a LuxF7300m five-year 71 per cent private placement. It is priced at

placement.

The French franc Eurobond committee has agreed
a February issuing calendar
comprising two issues. One of
them is expected to be for
Bank of Tokyo, which would
the first foreign bank to be the first foreign bank to enter the Eure-French franc market. The other is expected to be for a French state-guaranteed borrower. Both are expected to be floating-

There was speculation that there would be an additional issue for another foreign which will probably be

Milan row over on-screen trading

BY ALAN FRIEDMAN IN MILAN

the past week since Banca Nazionale del Lavoro (BNL), Italy's biggest bank, began an experimental programme of computerised share trading at its branches.

The move by BNL triggered an avalanche of protest from Milan's 217 stockbrokers and was seen as the start of a "war" for business between brokers and banks. It proved controver-sial because BNL is effectively making a round-the-clock market, albeit in a small number of actively to dil shares, while the bourse in Milan still operates on what is essentially an open-call

The Consob, which has been trying to bring order to the market and is keen to see continuous trading replace the open call, was caught in the middle.

Mr Ettore Fumagalli, chair-man of the stockbrokers' execuman of the stockbrokers execu-tive committee and a represent-ative of the old guard of the Milan broking community, has been especially critical of the BNL move, which has been suspended temporarily.

to receive only about five because of overwhelming demand, Mr Michel Francois

Tokyo, where he is on a busi-ness trip, Mr Poncet said all the orders were still being

Small Paribas investors'

allotments may be 50%

INDIVIDUAL investors who offering exceeded all expecta-applied for 10 shares in Cie tions, with orders received from Financiere de Paribas are likely some 3m investors.

demand, Mr Michel Francois down its allocations to small Poncet, Paribas president, said investors, even though 10 per yesterday, AD-DJ reports.

In a radio interview from to foreign investors is being

counted.

Demand for the Paribas senting 32 per cent of the shares in the privatisation holding company's equity.

A "SUMMIT" meeting in Milan Yet if nothing else. BNL has yesterday of leading stock-brokers, the chairman of ations should govern share Consob (the stock market regu-trading activities on the Italian latory authority) and senior stock market and which types bankers failed to halt a row of institutions can be players. over computerised trading. The On the one hand the big controversy has been raging for banks already account for much of the volume; around half the trading takes place away from the bourse or in the after-hours telephone marke

> On the other hand the stockbrokers — unlike London or Wall Street firms—tend to be small concerns which merely execute institutional investment orders, often for the banks. Thus the direct involvements of banks in market ment of banks in market making would threaten to deprive brokers of commission income.

The Consob is now expected to examine the situation, though immediate resolution

Mr Nerio Nesi, BNL chairman, said last night that his board would decide today whether to carry on with its trading experiment or not. The indications were that BNL will

indications were that BNL will maintain its experiment.

Benetton, the Italian clothing company which was floated on the Milan bourse last year, said yesterday it plans to offer its shares to US investors in the form of American depository (ADPs) as from the receipts (ADRs) as from the end of this month.

Rates fall on 10-year Italian **T-bonds**

INTEREST RATES on a new issue of 10-year Italian Treasury bonds have fallen for the first time since last October. The authorities yesterday priced a mid-February issue to yield 10.55 per cent, 25 basis points lower than the previous sale.

The price was interpreted in the money markets as a confirmation of widespread expectations of a cut in the official discount rate, possibly at the end of the month. This has been left unchanged at 12 per cent since last May while the annual rate of inflation has fallen by between 2 and 3 percentage

The new L3,000bn (\$2.33bn) issue will be sold on February 18 as the Treasury's normal mid-month funding. The yield will be 10.05 per cent net of the 6.25 per cent withholding tax introduced by the Government last October. last October.

In pricing the new issue, the Treasury has undoubtedly been encouraged by its experience last week of one of the largest oversubscriptions for a bond sale in living memory. A L5,000bn offer drew L21.600bn in requests, partially reflecting pent-up demand caused by the cancellation of the mid-January

Possibly the only obstacle in the way of a discount rate cut is the growth of bank lending to the private sector. In December this was at an annual rate of 12 per cent as against the Bank of Italy's 9 per cent target. This credit boom has perplexed the authorities.

The Treasury has meanwhile confirmed that its total borrowing requirement last year was 1.109,561bn. 2.8 per cent lower than in 1985 and inside the L110.000bn target. The government is planning to hold its borrowing needs this year to

FT INTERNATIONAL BOND SERVICE

The massive demand forced the French Government to scale

diverted to help satisfy domestic demand.

A total of 14.7m shares were

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* No information available † Only one market maker supplied a price.

Straight Bends: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billioms. Change on week=Change over price a week earlier. Floating Rate Notas: Denominated in doll indicated. Coupon shows is produced in the coupon shows it i indicated. Coupon shown is minimum. C.die — Date next coupon becomes effective. Spread = Margin above six-month offered rate (t three-month; § above mean rate) for US dollars. C.con = The current coupon.

instraints Bands: Denominated in dollars unless ownerwise instituted. One day=Change on day. One, date = First date for conversion into shares, Gav, price = Norman amount of bood per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the chance.

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THE WAY SEE

B.4.

INTL. COMPANIES and FINANCE

MIM may delay PNG gold flotation

BY STEFAN WAGSTYL, RECENTLY IN PORT MORESBY

MIM HOLDINGS, the Austra-lian mining group, could delay abandon Mr Wingti's People's deposit containing 387 tonnes of the planned A\$400m Democratic Movement in favour gold in the remote Highlands more than A\$1m when the (US\$264.6m) floation of High-cof a post-election alliance with of Papus New Guinea. The capital, Port Moresby.

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The coalition government is today. divided over whether the float, until after the general election market in Australian gold scheduled to be held in June schard for Papua New Guinea residence Mand July. Mr Paias Wingti, the Papua New Guinea Government's wishes. Mr Norman want a delay. But he is opposed by Sir Julius Cham, the deputy Prime Minister, and by Mr Paul Torato, Minister for Forests, who this week criticised Mr wingti, saying that a delay would be "a very bad prece-Prime Miniser, and by Mr Paul Torato, Minister for Forests, who this week criticised Mr Wingti, saying that a delay would be "a very bad prece-dent" and "detrimental to the

The flotation was due to be World War Two, are Placer discussed at a Cabinet meeting Renison Goldfields Consoli-MIM, which was pressing

lands Gold, its Papua New the opposition Pangu party led other equal partners in what has Guinea exploration interests, because of growing political tension over the issue in the capital, Port Morochow dated.

The bulk of the MIM issue is originally planned for next ahead with the issue in order to be reserved for its own month, should be postponed to take advantage of a soaring shareholders, but about 5 to 10 per cent is being set aside

price of A\$1 to A\$2.50. The Government wants to ensure a more equal distribu-

tion of shares in the Highlands Gold issue. It is also concerned that investors should no expect the same instant profits from Highlands Gold, which has only exploration interests, as came from Placer Pacific, an established producer with a stake in the Ridston gold mine in Queensland. Diplomats in Port Moresby

believe that Mr Wingti may Placer Pacific by its parent after all allow the flotation to company, Placer Development so ahead before the election in who calls week criticised Mr wingti, saying that a delay delayed it's not the end of the world."

Wingti, saying that a delay delayed it's not the end of the world."

MIM intends to offer 40 per future of the country."

The argument has been infiamed by the fact that Sir Julius has hinted that his market is hot. But if it's of Canada.

Sir Julius Chan resisted calls issue will be carefully monitored for his resignation after he admitted buying, for himself and associates, more than has been meeting directors of Placer Shares, 7 per Placer Pacific and Renison as well as MIM to discuss details of the launch.

Siebe plc

has acquired

Robertshaw Controls Company

We acted as financial adviser to Robertshaw Controls Company.

Goldman Sachs International Corp.

Goldman Sachs

DUTCH STOCK EXCHANGE

D FOREIGN COMPANIES

• FINANCIAL ADVISERS IN JOINT VENTURES •

FINANCIAL ADVISERS

880

SITUATIONS

November 26, 1986

BHP helps Bell Resources to double profits

BELL RESOURCES, Mr Robert Bell Resources revenue, lifting Santes, the Australian oil and Holmes à Court's energy investment vehicle, more than doubled net profits last year to reach A\$231.38m (US\$153.1m). compared with A\$104.22m for

The rise largely reflected the more muted advance to 85 cents adoption of equity accounting, from 71 cents. This was a which was credited for A\$75.6m result of a trebling in the num-The rise largely reflected the of the earnings gain. The centrepiece of this was its 29 per cent stake in Broken Hill ference dividends. The annual Proprietary (BHP), Australia's payout to ordinary shareholders biggest company, the board of such the less maintained at which Mr Holmes à Court joined during the period.

BHP contributed A\$1.53bn to payout to ordinary snareholders is none the less maintained at 15 cents.

A rise of nearly 3½ times was recorded in the interest bill,

it tenfold to A\$1.71bn from A\$166.73m. Other income was also ahead at A\$828.27m against A\$643.67m_

Net earnings on a per-share basis, however, showed a far ber of Bell Resources shares in issue and the payment of pre-

gas producer, is to raise A\$72m through a one-for-10 rights through a one-for-10 rights issue. The shares are to be priced at A\$3, against a closing market level in Sydney yesterday of A\$4.22. The call for funds follows its acquisition of Vamgas, a fellow participant in the Cooper Basin project.

Kenneth Marston, Mining Editor, adds: Pancontinental Mining has sold its 55.4 per cent holding in Pancontinental Patroleum to Charterball Petroleum to Charterhall Australia in a A\$10m deal at around 20 cents.

Pancontinental's holding in Petroleum was raised from 47.8 per cent following a share bid last October. Petroleum holders who accepted that bid will now receive a cash pay-ment so that Pancontinental will not make a profit from the

Mr Tony Grey, chairman of Pancontinental, said the group's 39 per cent-owned Canadian affiliate, Pancontinental tal Oil, would contribute much more significantly to group profitability in the short and medium term than Pancon-tinental Petroleum. See Lex

Cap Gemini sees further growth after 43% boost

CAP GEMINI Sogeti, the Euro- to the end of 1986. pean computer services company, boosted profits by 43 per cent last year to FFr 190m (331.52m) and expects a further 6 per cent of turnover in 1985

Turnover rose by 31 per cent for FFr 50m and had not touched to FFr 2.91bn, including for the first time the US operations of company had raised in two CGA Computers, which doubled stages last year.

Cap Gemini's activities in North The new funds greatly re-Cap Gemini's activities in North America.

Excluding acquisitions and and this year are expected to

Excluding acquisitions and this year are expected to the effect of exchange rate bring a positive contribution to variations, turnover rose by 22 per cent. Cap Gemini said it expected an overall growth of 24 largest company quoted on per cent in turnover this year. France's second market, with a of which around a third would come from acquisitions made up than FFr 8bn.

By Bruce Jacques in Sydney MR RUPERT MURDOCH'S

cent last year to FFT 190m (\$31,52m) and expects a further 6 per cent of turnover in 1985.

The company said yesterday that it had outperformed an already strong market, improving its rate of return, and had also continued to grow by acquisition.

The company said yesterday that it had outperformed an already strong market, improving its rate of return, and had also continued to grow by acquisition.

The said Cap Gemini's acquisitions in 1986—including companies in Italy and West Germany—had been financed out of cashflow of FFT 40m to other touched.

Lloyds makes Egypt cuts

Egypt because of the depressed in the past few years, reflecting business environment. It is to close its city centre branch in Cairo tomorrow and its Alexandria branch in March.

About 20 staff will be made

LLOYDS BANK of the UK is its volume of trade financing scaling down its operations in had dropped by about one-third

About 20 star will be made redundant.

Business previously handled by the city and Alexandria branches will be dealt with at Lloyds head office at Zamaek. Lloyds and its affiliates main-Lloyds' head office at Zamalek, a Cairo suburb, which will be the bank's only remaining office in Egypt. Seamer, Lloyds' local manager, stressed that the bank was committed to remaining in Egypt, but estimated that

Setback for Century Spinning

BY R. C MURTHY IN BOMBAY

foreign currency shortages in the market and government restrictions on imports. Lloyds has also implemented

OPERATING profits of Century Spinning and Manufacturing, a leading member of India's Birla group, fell by a third to Rs 312.2m (\$24.1m) last year, on a 1 per cent drop in sales to Rs 3.43bn.

The company which produces cotton textiles, paper, cement and heavy chemicals, suffered and heavy chemicals, suffered in part from price controls on cement. Under the country's dual pricing policy, the Government fixes the price periodically paid on the earlier equity base. ment fixes the price periodically paid on the earlier equity base.

Tribunal awaits **HWT** decision on broadcasting

News group has taken another significant step towards con-trol of the Hevald and Weekly Times (HWT) following 2 decision by the Australian Broadcasting Tribunal to adjourn its hearing into the matter until Friday. The tribunal—which is

ostensibly inquiring into whether News Ltd, the bidding vehicle for HWT, is foreign controlled—has adjourned in order to allow the HVXT board to consider selling its electronic media

The HWT directors are due to meet on the sale que today and are expected to favour selling all its broadcasting interests to facilitate the News bid.

Such a sale by HWT would remove practical objections to the Murdoch takeover on the grounds of his US citizenship because it would mean he was not acquiring any electronic media assets.

However, there remains the question of a current technical breach of the tribunal's rules as the News group is already claiming more than 50 per cent centrol of HWT. But in a statement yesterday the tribunal suggested, with one caveat, that it may be practical rather than technical

that the tribunal was willing to allow HW? to seek a commercial solution to legal problems created by the Murdoch bid, and acknow-ledged that the electronic media required strong corstructures

While warning that it could while warming that it could still act if not satisfied with the disposals, the tribunal said it would delay any decisions until the HWT board had deliberated.

tribunal would greatly belp Mr Murdoch's cause, John Fairfax, the rival media group which is counter-bidding for HWT, has a number of other legal avenues available in its campaign to force the News group to divest its shares.

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While a clearance from the

(a body corporate constituted under the Bank of New Zealand Act 1979) (the "Bank")

NOTICE

to the holders of the outstanding U.S.\$50,000,000 111/2 per cent. Capital Notes 1993 of the Bank (the "Notes")

NOTICE IS HEREBY GIVEN to the holders of the Notes that at the adjourned Meeting of such holders convened by the Notice published in the Financial Times on 17th January, 1987 and held on 30th January, 1987 the Extraordinary Resolution set out in such Notice was duly passed. Accordingly, the modifications to the Terms and Conditions of, and the provisions of the Trust Deed constituting, the Notes set out in the Extraordinary Resolution have been made with effect on and from 30th January, 1987 by means of a First Supplemental Trust Deed dated 30th January, 1987.

> This Notice is given by: BANK OF NEW ZEALAND, BNZ Centre. 1 Willis Street, Wellington 1,

GRANTOR

Dated 4th February, 1987.

PROGRAMM GENERAL 🍪 ELECTRIC General Electric Plastics B.V. Dfls 200,000,000 Commercial Paper Programme REPUBLIC OF AUSTRIA MERCIAL DNs 200,000,000 WESTLAND/UTRECHT HYPOTHEEKBANK N.V. DRs 200000000 NATIONALE-NEDERLANDEN N.V. Akzo N.V. BEAR AND BELL RESOURCES LTD. BULLS REPUBLIC OF FINLAND FACILITY Dfls 100,000,000 SECURITY PACIFIC CORPORATION er Notes 1946 das Patractar 1, 1981 Offs 250,000,000 Bührmann-Tetterode ny UNDERWRITTEN

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David Lascelles on the proposed amendment to the Banking Bill

More power to fend off predators

THE TREASURY'S proposed In addition, the amendment cised by some as a further Australian nanciar, who has amendment to the Banking Bill will grant the Bank specific example of the privileged status 149 per cent, yesterday is a clear and direct powers to deal with stakes of enjoyed by banks over other. All these banks have said response to the growing number 15 per cent or more in a bank—of predatory stakes that are being bought in UK banking ling interest. At the moment, groups, particularly merchant these stakes only have to be

INK bank to notify the Bank of England, the amendment will bring share buying under the Bank's direct surveillance. The new clause will not give the Bank any powers to halt the investor at this stage (who would anyway have to disclose a 5 per cent interest in a IIK amount the Bank of the Meritan and the Bank of the Bank powerless to control the Bank of the Bank's comed in the City where there of the City where there. The complete of the City where there of the City where there of the City where there. The complete of the City where there of the City where there of the City where there. The complete of the City where there of the City where there of the City where there. The complete of the City where there of the City where there. The complete of the City where there of the complete of the City where there. The complete of the City where there of the complete of the City where there. The complete of the City where there of the complete of the City where there. The complete of the City where there of the complete of the City where the complete of the City where there. UK bank to notify the Bank of

Mr Larry Adler, head of FAI

WHEN Larry Adler suddenly appeared last month on the horizon of Hill Samuel, the

banking group, he brought with him to Britain only the vaguest

A Hungarian who emigrated to Australia in 1950, he is now said to be that country's third

richest man—after his fellow financiers Tan Sri Khoo Teck Pust and Mr Robert Holmes

of reputations.

banks.

By requiring anyone who they will require the Bank's prior approval. But the Bill was like hank to posite the Bank's prior approval. But the Bill was never clear about the Bank's

would anyway have to disclose a 5 per cent interest in a UK publicly-quoted company).

But the amendment will give the Bank statutory authority to obtain information about the buyer. The Bank would thus have more time to size up a new investor, and fire some warning shots across his bows if it does not like him.

Stakes to beat the Act, leaving the Bank powerless to control the Bank powerless

enjoyed by banks over other All these banks have said types of publicly-quoted companies. And in the case of merholders because they interfere chant banks this is particularly with management and frighten ironic since they are masters of off clients. The intentions of the art of predatory acquisithese predators may also be ions. suspect: certainly Mr Steinberg
But it will be widely wel- and Mr Adler do not have a comed in the City where there reputation as long-term in-



Mr Saul Steinberg, US corporate raider.

the Companies Act also needs to be tightened up to prevent buyers hiding behind chains of nominee companies. One mer-chant banking executive said yesterday: "If you are deter-mined you can drive a coach and horses through the Companies

Nick Bunker profiles Australian financier Larry Adler

Taking a toe-treading route to the top

Hill Samuel's letter ruling out any role for him

His 27-year-old son Rodney. The investment manager of Mr Adler's company FAI Insurances, was quoted in Sydney yesterday saying that Hill Samuel obviously felt under pressure.

This handle steeter ruling out pany's articles—last August.

Mr Adler and Advance crossed swords when he sought to have four candidates put on its board (on the grounds, Mr Adler said, that it lacked banking expertise).

Mr Paul Keating, the Australian Government treasurer, then intervened before Additional company.

It is hardly the first company to feel uneasy at the aggressive touch of Mr Adler. This style to amend its banking licence to stop a single shareholder congenerated funds as a source of cash for freewheeling investment of the content of the conte

In 1986 alone he bought three big stakes in operations well outside his home in insurance: a 6 per cent interest in a permit to explore the Harriet oil field; a 17.65 per cent stake in Ploneer Concrete; and a 9.77 per cent stake in Advance Bank. a Court.

Two have already produced November a 14 per cent stake in nerving to Hill Samuel.

Two have already produced it is a prospect that could be unnerving to Hill Samuel.

market flotation. Mr Adler disis in London until Friday morn-ing, has not replied formally to Hill Samuel's letter ruling out pany's articles—last August.

It is hardly the first company then intervened before Ad-ofeel uneasy at the aggressive vance's annual general meeting

Keating, which was later can-celled. Mr Keating acted on

celled. Mr Keating acted on general prudential grounds, and not specifically against FAI, Mr Adler said last night.

Over Pioneer—for which he has made a full bld—Mr Adler is still involved in litigation.

Last summer, he served a summons on Pioneer following its placement of 40m shares with what were believed to be monspoly of that class of private insurance business in the state of Queensland.

Significantly, a large volume of its business was written on a direct basis, on the basis of media advertising.

One result of that has been low management costs, the basis placement of 40m shares with what were believed to be

from the British merchant bank a blunt, determined statement South Wales Permanent Building Society, until its 1985 stock ing Society, until its 1985 stock in Society and downs of Australia's insurance business Mr career has attracted mixed comment in Australia—where FAI last year became the country's biggest general insurer. "You don't get to be number one without treading

on people's toes," he says. FAI began life in the late 1950s as Fire and All Risks Insurance, a company formed by Mr Adler to handle insurance for customers of three car showrooms which he owned.

Now, it has an estimated 3 per cent share of the admittedly fragmented Australian non-life insurance market.

For many years, compulsory third-party motor insurance was FAI's backbone. It still holds a monopoly of that class of private insurance business in the state

the authorities, but feels it should not detract from his

schievements.
Several years ago, he was given leave to appeal to the Privy Council in London after the Workers' Compensation Commission of New South Wales withdrew in 1980 his licence to do workers com-pensation business there.

Mr Adler says the argument arose from his doubts about the value of officially-required value actuarial statements about gene-ral insurance business. He re-solved the matter by buying another company to operate in the state.

Australian attention on Mr Adler has also focused on his sometimes forthright opinions. He has for instance condemned "Club 2000"—assuming, he says,

Club 2000 is said to be a Mel-bourne-based secret alliance of major Australian companies whose aim is to frustrate take-

Clyde increases Rodime loss at £1.8m Goal stake to 22% for first BY LUCY KELLAWAY quarter

own a stake in the Wytch Farm

onshore oil field. However,

By Richard Tomkins

Rodime, the Scottish manyfacturer of hard disk drives, produced another quarter of heavy lesses for the period to December but looked forward to significantly improved operating results improved operating results for the quarter to March.
Pre-tax losses of £1.82m compared with pre-tax profits of £382,000 last time, but represented an improvement from the losses of £2.49m for the previous year's final quarter.

Rodime said its longerestablished products had suffered from tough competi-

suffered from tough competi-tion and tight margins at the commodity end of the market, while at the same time the company had faced the heavy R and D costs.

However, sales of the new 3½ inch, 5½ inch and 8 inch disk drives were now coming through and the company had a strong order book for all its products, Rodime said turnover had risen by 6 per cent between

risen by 6 per cent between the last quarter and the immediately preceeding one, immediately preceeding one, while operating losses decreased by 36 per cent. "This improvement is attributable to rising sales of new products, together with increased revenues from a broad range of the company's established products. We expect this trend to continue."

Turnover fell from £17.74m to £15.75m and operating profits of £692,000 turned into an operating loss of £1.94m.
Rodime's shares closed unchanged at 380p. They are traded only thinly on the London stock market; most dealings are in the form of American Depository Receipts

Barrow Hepburn Barrow Hepburn yesterday

called on Yule Catto to aban-don its £18m takeover bid in view of a "pitiful level of acceptances," 2.34 per cent of the chemicals and engineer-

ing group's shares.

Barrow shares were 1p higher at 65p against the 55p value Yule Catto claims for its cash and convertible preference share offer. Friday will be the final opportunity for Yule Catta in register of the final opportunity. for Yule Catto to revise or

Clyde Petroleum yesterday Clyde's insistence on a friendly announced plans to increase its merger. Last week Clyde an-take in Goal Petroleum, its nounced that it had bought the announced plans to increase its announced that it had bought the stake in Goal Petroleum, its fellow UK oil independent, from about 12 to 22 per cent in ously owned by Fremier Conpart of a complex £8.5m all share deal with British & share deal with British & would only be brought into play if Goal's independence became the streament.

threatened.
"It surprises us that Clyde could have acted so soon after the comments they have made." possibility of a merger between Clyde and Goal, both of which Mr David Boyd, makaging director of Goal said yesterday. He Clyde yesterday reiterated that any merger with Goal would have to be done on a friendly said he was "reserving judg-ment" about what Clyde was likely to do next.

"We remain keen to merge,

Under the terms of the deal, British & Commonwealth will sell to Clyde its oil and gas but we are not going to dash aggressively after Goal," Mr Colin Phipps, chairman of Clyde Petroleum said yestersubsidiary, Bricomin Explora-tion, which owns a 1.85 per cent interest in the Rijn Field in the day. "We hope that their man-Netherlands, and 6.9m shares in agement and shareholders will Netherlands, and 6.9m shares in agement and sharesolders will Goal. Of these half had been see that a merger is a logical bought by B&C from Electra thing to do," he said, adding investment at 58p a share, as a part of the agreement with Clyde.

This, he said might take the

clyde.

The deal is to be financed by issuing, to B&C. Clyde shares which on the basis of 58p for each Goal share, are valued at 62p each. B&C, which already owns 2.7m shares in Clyde will increase its stake in the enlarged company to 11 per cent, and Mr Campbell Allan, a semior executive of B&C, will join Clyde's board.

Goal yesterday questioned

This, he said might take the form of a deal in which Clyde and Goal join forces in order to participate. Several options to participate. Several options are now being considered, he said.

Clyde yesterday welcomed B&C's increased shareholding, and said that its financial strength could help Clyde to realise the "significant opportunities" for growth in 1987.

Hazlewood Foods expands

BY PHILIP COGGAN

Hazlewood Foods, the fast-growing foods group, yesterday of a myriad of private com-bought Cadee for £5.4m—its panies, often offering earn-out Hazlewood Foods, the fast-24th acquisition since April

The Birmingham-based Cadec processes and packs nuts and fruits for the retail trade and its adjusted pre-tax profits for 1986 were £1.1m on sales of

wood's snack foods division, first established when the group bought Bard, the nuts and pop-corn company in December

Unusual contract for Feb chief

Cadec will slot into Hazle-

Consideration will be in the form of £2m in cash and 1.96m

provisions or share options to encourage the vendor's management to remain in place. In the six months to September 30, 1986 its interim pre-tax profits were up 91 per cent to £6.4m.

Taddale Investments

Harvard Securities, OTC marketmaker for Taddale Investments, has taken issue with the description of "very thin trading" in the shares published in yesterday's edition. Hazlewood shares, with an It points out that two-way estimated market value of trading averaged 36 bargains £3.4m. The vendors will retain per account over the past year. the shares for a minimum of 18 Harvard says this is comparable It points out that two-way

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DIVID

Active Peachey turns over £42m in deals

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

its financial year, nearly double the turnover of property trad-ing for the whole of the year to last June.

triggered a formal announce-ment to the Stock Exchange yesterday, but met with indiffershares slipped 2p to close at

Of the £42m, about £32m was spent on acquisitions which, taken with enhancing value of Peachey's existing properties, should lead to a substantial should lead to a substantial to acquire a City of London increase in assets per share.

After the last formal valuation, Peachey's assets per share were put at 358p, so the company of th

Peachey Property has turned pany is trading at the habitual over £42m in the purchase and discount to net asset value disposal of retail and office characteristic of property assets during the first half of investment companies.

The acquisitions are a mix-ture of properties providing an ag for the whole of the year immediate income, others bought for improvement and then re-sale, and a third iggered a formal apparatus category bought to swell the development programme. They include four retail and distribution warehouses, costing £7.2m. These purchases give better balance to Peachey's

retail portfolio, which has in it a considerable number of secondary properties. Also, £12m has been spent

Unitech expects profits growth

BY ALICE RAWSTHORN

to the beleaguered electronic however, with systems districomponents industry. The City bution sustaining an improve-had expected a lacklustre set ment only to be countered by a of interims from the company given the state of the industry and that the annual report had anticipated static sales in the first half of the year. Nonethe-less the share price fell by 3p

to 240p yesterday.

In the six months to
November 29, Unitech's sales—
excluding inter-company sales -rose to £102.17m (£95.02m) and trading profits to £6.68m

ment only to be countered by a decline within semiconductors. Borrowings fell during the first half and the interest payment was reduced to £1.21m. (£1.27m). Taxation also fell, because of the reduction in the UK charge, to £1.88m (£1.98m). Minority interests, representing a holding in a US power supply concern, deducted £96,000 (£48,000). The profit gleaned from the sale of Brookes & Gatehouse, minus

the loss on closing systems trading in West Germany is expressed as an extraordinary item of £1.94m (loss of Earnings per share rose to 7.6p (6.1p) and the board proposes to pay an interim dividend of 2.63p (2.24p). Mr Curry says that the improvement in sales has been sustained in the

was Unitech itself, rather than hawkish analysts, which had steered the City towards static interim profits. The analysis were not amused, particularly because the surge in profits is more apparent than real. Much of the "improvement" can be dismissed as loss elimination, although the company can conjure real growth in its US businesses and, within manufacturing, in connectors and nower supply. Gross margins, Unitech's perennial problem, have stabilised but there is still some scepticism that the company has mustered a full recovery. Semiconductors are as sluggish as ever and Unitech has not yet succeeded in shrug-ging off its image as an accidentprone and rather cumbersome company. On projected profits of £18m, the prospective p/e of 13.5 offers little headroom.

at the offer price. Tarmac will buy the shares from him in 1990, with the price to be deter-mined by Feb's cumulative profits in 1987-89.

The maximum \$1.05m

aging director of Feb Inter-national, when the building chemicals company becomes triggered if profits over the three years exceed £8m. part of Tarmac, the construc-At his request, Mr Fisher will retain Feb shares worth £50,000

The company is estimating 1986
profits of £650,000 after a loss
of £716,000 the previous year.
His father, Mr Gordon Fisher.
will receive £100,000 for the Company.

MR GRAHAM FISHER is staking £50,000 on his management ability over the next three years. He could end up with £1.05m or with £4.56.

Mr Fisher will become manning from the company from the company fisher will get only £4.56 or he helped to found in 1952.

Some Tarmac share. Between Mr Graham Fisher's brother, £3m and £5m, he gets £50,000. Stephen, will receive £200,000 Up to £8m, he gets £50,000, for compensation for the loss of policy of the profits o East, where he developed Feb's

> Mr Fisher has his work cut CH INDUSTRIALS, the indusout. Feb's profits have never trial holdings company, has exceeded £856,000 (in 1983). agreed to acquire, for £2.5m, Beclawat, which manufactures windows and doors for the transport industry, from a sub-sidiary of the British Land

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The Farm Credit System

Unitech, the electronics group, yesterday unveiled a 13 man and sole chief executive per cent increase in pre-tax after the departure of his interim profits to £5.48th. The brother, Mr John Curry, last growth was fuelled by loss elimination and an improved performance from manufacturing activities. In the last year or so Unitech has suffered from its exposure to the beleaguered electronic marketing division was mixed, however, with systems distri-

Dobson in US expansion

Dobson Park Industries, the of micro-processor-based industrial equipment. ment and engineering group, has bought IRD Mechanalysis, has bought IRD Mechanalysis, ther acquisitions in the indus-an industrial electronics com-trial electronics field. pany based in Columbus, Ohio, for \$24.25m.

company.

IRD —echanalysis reported pre-tax profits of \$3.6m on sales of \$32.3m in the year ended December 31 1986.

The acquisition marks a new stage in Dobson's restructuring strategy, which is to acquire businesses in selected areas to complement its mining equip-ment activities. This follows a period of divesting businesses which did not form part of its

core operations, Dobson is forming a new in-dustrial electronics division. into which it is transferring IRD Mechanalysis, which makes vibration analysis equipment and complementary balancing machines, and an existing sub-sidiary, Richard Simon, maker

Burton's US rating

Moody's, the US investors service, has assigned a firsttime rating of prime-1 to Bur-ton Group for commercial paper. Moody's said it based its rating on the company's prominent position in specialty retailing, which was reflected in its continuing strong cash flows and relatively conservative financial position

trial equipment.

Dobson intends to make fur-

With 400 employees in total pany based in Columbus, Onio, With 400 employees in total, for \$24.25m.

Dobson is drawing on existing centre is in Ohio. It has smaller bank facilities to fund the purchase from H. H. Robertson, a Pittsburgh-based construction company.

IRI — echapalysis reported.

> **DAIREN CORPORATION** (Formerly Osaira Transformer Co., Lid.) (the "Company") Warrants to Subscribe Shares of Common Stock of Daihen Corporation

NOTICE TO HOLDERS OF

Issued in Conjunction with an Issue of U.S. \$20,000,000 8½ per cent. Guaranteed Bends due 1990

Guaranteen Homes due 1950
Pursuant to Glasse 3 of the Instrument dated 5th February, 1985 under which the above warrants were issued, notice is hereby given as follows:

1. On 2nd February, 1987 the Board of Directors of the Company resolved to make a first distribution of shares of its common stock to shareholders of record as of 21st March, 1987, Japan time, at the rate of 0.12 new share for each share held.

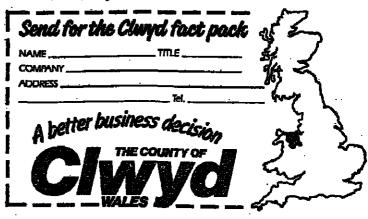
2. As a result of such free distribution the subscription price will be adjusted from Yen 1513 per share to Yen 458 per share, effective as from 1st April, 1987, Japan time.

DÁLHEN CORPORATION By: The Bank of Tokyo Trust Company as Disturament As

I.G. INDEX FT for February 1,457-1,463 (-9) Tel: 01-828 5699

Dated: Pebruary 4, 1987

companies can testify that Clwyd had a positive effect on their business venture. Benefits can include an unbeatable financial package, an Enterprise Zone, technology support and land and buildings. Plus an industry team that's there to help not hinder. For further information on doing business in Clwyd, clip the coupon or contact the Clwyd Industry Team, Clwyd County Council, Shire Hall, Mold, Clwyd, CH7 6NB. Tel: 0352-2121.



FT/4/2

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BY JANICE WARMAN

Cowan de Groot, the toy because it would not be al ogical importer which has been move. "But we are always undergoing a substantial change happy to have new share of direction, yesterday announced an agreed £3.18m cowan's diversification into bid for International Computer Training and revealed it had built up a 5.97 per cent stake in Lepex, the communications

Mr Philip Birch, board member and author of Cowan's new policy of diversification, said the company had not seriously focused on a full bid for Lopex, as its energy was concentrated on other deals.

Description:

ence courses in banking, law and accountancy.

On Monday, Cowan reported interim pre-tax profits up 13 per cent to £21.26m for the six months to October 31 1986, but anticipated lower second half

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STRIALS. -

on other deals.

But he confirmed that advertising, public relations and the media were areas in which the group was interested. The intention was to build Cowan into a broadly-spread services and communications group with three main divisions; educational training, advertising, PR and promotion, and financial services.

Mr John Castle, Lopex chairman, said he was not concerned at the prospect of a bid from Cowan despite the company's anticipated lower second half profits.

Mr Derrick Cowan, chairman of Cowan, said "ICT's experience and established position in computer training will fit closely with and complement closely with and complem

Cowan despite the company's Lopex shares closed a penny known acquisitive mood, up at 151p.

Cowan's diversification into consumer services began in April 1986, when it acquired Chart Foulks Lynch, which offers tuition and correspond-

Bestwood chief seeks seat on Buckley's Brewery board

BY JANICE WARMAN Buckley's Brewery is to hold an extraordinary general meeting on February 27 to consider the request by Mr Buckley's asking what he could Tony Cole, chairman of contribute to the company. In Bestwood Group, the financial and property services group, for a seat on the board.

Bestwood, whose 27.6 per cent stake in the Llanelli-based brewer is exceeded only by Whitbread's 27.7 per cent holding, is also seeking the removal from the board of Mr Jasper Clutterbuck, Whitbread's nominee.

Mr Cole's original request, in December, for representation was met with a letter from troply, Mr Cole served notice on the directors, requesting an extraordinary meeting.

Both sides are confident of victory. Mr Colin Thomas, managing director of Buckley's, said the affair was a distraction and that the board wished to see it resolved as soon as possible.

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The board of Buckley's is to the small shareholder to vote recommending shareholders to for me—and judging by this wote against the resolutions, company's track record, they maintaining that Bestwood's will. I think I would bring some London-based operations had expertise to the board, to bring little to do with brewing and the company's potential to continuous traction.

Mr Cole said: "I am appealing

Demerger Two questions decline at L & N subsidiary

problems in its UME subsidiary. resources.

L&N needed to act swiftly to spell out what provisions it In reply to the latest docu-planued to make as a result ment, L&N said that its original of the termination of a manage-ment contract at the Al-Qassimi

Demerger Two, bidding for London and Northern Group. has questioned how the construction, healthcare and energy company would avoid a further effort to rebut L&N's claim that decline in profits arising from the underwriters had unproven the construction.

objections remained "valid and unanswered. Demerger Two said in its latest circular to plausibility of its proposals by L&N shareholders.

DIVIDENDS ANNOUNCED

		Date	CUITES-	TOTAL	Tolar
	Current	of	ponding	for	last
· 3	ayment	payment	gia	year	year
Angle United 2nd in	t 1	· —		—f	
D. Y. Daviesin		Apr 21			· —
Meat Tradein		Mar 27	1.75	_	5.3
PSITin		Apr 3	1		2.5
Howard Shuttering in		<u> </u>	0.7		1.4
Unitechin	t 2.63	Apr i	2.24	_	6.5
Dividends shown pen	ce per	share net	except	where	otherwise
stated. * Equivalent a	ifter alk	wing for	scrip iss	ше. † (On capital
increased by rights	and/or	acquisitio	n issues	. ‡US	SM stock
§ Unquoted stock. ¶ P	eriod co	vers 17 r	nonths t	o Marci	k 1987.

Property Security **Investment Trust**

Interim Report

Increase in profit and dividend.

Directors anticipate a final dividend of 1.75p (1986 1.5p) per share making a total of 3.0p (1986 2.5p) per share for the year.

6 months to	30.9.86	30.9.85			
Unaudited figures	£0003	£0003			
Rents from investment properties	4,181	3,622			
Profit before tax, dealing and extraordinary items	2,117	1,832			
Property and share dealing loss	272	202			
Dividend: preference ordinary	40 836	40 669			
Per ordinary share	1.25p	1.0p			
Earnings per share	2.7p	2.4p			
A copy of the group's 25th anniversary brochure can be obtained from G H Caines, Fetcham Park House, Lower Road, Fetcham, Leatherhead, Surrey KT22 9HD.					



The Australian Industry Development Corporation (A statutory corporation, wholly owned and guaranteed by the Commonwealth of Australia) U.S. \$100,000,000

11% PER CENT. NOTES DUE 1990 NOTICE IS HEREBY GIVEN that, pursuant to Condition 6(b) of the Notes, the Corporation will redeem on March 2, 1987 US\$4,000,000 principal amount of the said Notes. A further notice specifying the serial numbers of the Notes called for redemption will be published. Currently outstanding US\$6,000,000

February 4, 1987 By Citibank, N.A. (CSSI Dept.)

Hawker continues to build up in US

By David Thomas

electrical and mechanical engineering group, has made a cash offer worth \$30.8m (£20m) for Clarostat Manufacturing, a US company based in Dover, New Hampshire.

Clarostat, with annual sales of over \$25m, makes electrical components for a range of markets mainly in the US, including instrumentation, com-puters, telecommunications, aerospace, and motors.

Hawker said that the acquisition would fit into the growing importance of both its instrument control and US operations within the group. The acquisition would bring Hawker's total investment through acquisitions in the US since September 1985 to more than \$205m. The group said it was considering other possible

was considering other possible acquisitions.

Hawker is making a cash tender for Clarostat at \$74 a share. It has already agreed with shareholders holding about 49 per cent of Clarostat to buy their stake upon the closing of the tender offer.

The completion of the sale depends on Hawker acquiring not less than two-thirds of Clarostat's shares, as required under New York tender law.

Investing in Success continues to reject Australian bidder

the minimum cash value of its investment manager, said gains tax, Mr Noddings said.

bid to 970p. Panfida is offering 97 per cent of the trust's formula net asset value, which substitute the set of the trust's estimated yesterday at but there was no need for shares to block the formula net asset value, which speaks for consider the offer inadequate, plan, has signalled its opposition, but IIS suggests that the shareholders to make an concert party might splinter if faced with a stalemate.

Panfida and its concert party

Sharp profits recovery

vestment Fund has 8 per cent.

"Investing in Success" puts the future of IIS in the free ride for a week to see Equities yesterday continued hands of two institutions which what the markets will do," he to advise shareholders not to so far have held on to their said, "If markets collapse, the accept a revised takeover offer shares. London and Manchester 970p is no longer 97 per cent," from Paniida Capital which now Group owns 10 per cent of IIS and thus might look more values the investment trust at and Oppenheimer Tactical in attractive. If the Panfida bid lapses, the

Panfida, a Sydney-based in Most institutions have already board proposes to convert IIS vestment vehicle, has raised its sold their shares, but few priinto a unit trust, which would interest in IIS to 39.3 per cent vate shareholders have accepted, preserve 99 per cent of net with market purchases on Monaccording to Mr Roger asset value and not expose day which obliged it to raise investment manager, said gains tax, Mr Noddings said.

"Shareholders now have a IIS shares rose 5p to 973p.

Meat Trade Supplies

at Howard Shuttering Howard Shuttering, the London-based plant hire and property development concern, revealed a sharp recovery in taxable profits and earnings per share in the six months to October 31 1986.

Confirming the tenor of the chairman's statement, the director that the profits recove the profits recovered by the decision down the formwork as Confirming the confident tenor of the chairman's year-end statement, the directors stated that the profits recovery was helped by the decision to close down the formwork and strucfor the six months ended October 3 1986.

On turnover increased from 23.99m to £4.53m, profit before tax more than doubled to £875,000 against £306,000 last time. After tax of £306,000 announce a special resolution to (£122,500), earnings per 10p share came out substantially Howard Holdings.

Excluding non-recurring losses of £50,000, which include redundancy payments of the Darrington subsidiary last September, taxable profits of Meat Trade Supplies, manufacturer and supplier of sausage casing and butchers equipment, ex-panded from \$70,702 to £116,808

Turnover slipped to £3.43m, against £3.63m. From earnings per share up from 1.62p to 2.89p the interim dividend is lifted from 1.75p to 1.775p—last year's final payment was 3.55p from profits of £272,606 (£285,146).

Anglo United picks up in second half

Anglo United, the opencast profits, which represented a mining company in which substantial return to strength Hillsdown Holdings acquired a after the end to the miners 29.9 per cent interest in strike. Its biggest complaint at December, made a strong present is the £16 per ton recovery in the second six royalty imposed by British Coal, months and said yesterday that it looked to the future with lower coal prices; margins have

results for the 12 months as it is likely to make an acquisition in fuel distribution soon. For the current 17 months financompany's year-end move to March the present accounting period covers 17 months.

Turnover for the year totalled £15.86m, down from £17.28m, Tax accounted for £1.47m (£1.41m) and left net profits virtually unchanged at £1.9m (£1.83m).

in the bidding for LCP Fuels, it is likely to make an acquisition in fuel distribution soon. For the current 17 months financial period to March, pre-tax profits look likely to be around £4.5m; on a historic basis the p/e is a hefty 19 on shares up 5p at 44p.

D. Y. Davies

which has not fallen to reflect it looked to the future with confidence.

Having fallen by 55 per cent at the six months' stage, profits ted coal" which carries no reached £2.88m (£1.75m) during the second half and lifted the total for the 12 months to October 1986 to £3.36m pre-tax, a slight improvement over the previous vear's £3.25m.

lower coal prices; margins have only been improved by stepping up the production of "alienated coal" which carries no royalty payment. Anglo's profits performance has been rather erratic in recent years, which makes the Hillsdown stake even more puzzling, but the company is not short of ambition and even if others beat it year's £3.25m. tion and even if others beat it in the bidding for LCP Fuels, results for the 12 months as it is likely to make an acquisi-

£1.83m).

D. Y. Davies, the architects firm which joined the USM last 3p (2.4p) per 20p share and June, yesterday announced a 26 Earnings worked through at 2.3p (2.4p) per 20p share and a second interim dividend of per cent rise in pre-tax profits to £440,000 for the six months promised 1.5p net. A final will be considered at the appropriate time.

firm which joined the 26 per cent rise in pre-tax profits to £440,000 for the six months to end-October 1986, against a previous £349,000. The comparative figures include the results of D. Y. Davies Associates.

As anticipated in the pros-After a disappointing first half, pectus, an interim dividend of demand from the CEGB has in net will be paid. Earnings bounced back and Anglo was per 5p share moved ahead from able just to beat last year's 4.2p to 5.3p.

National @ Provincial

Lending to home buyers —a record £1,418 million.

No queue for mortgages.

Reserves increased to £239 million.

The Board of the National & Provincial Building Society announces that during the year a record £1,418 million was advanced to house buyers. Of this £117 million was lent as additional advances to existing customers, mostly for housing extensions and

improvements. The total number of borrowers exceeded 315,000 for the first time and the total number of investors' accounts was 1,731,000.

We regard the year's performance as excellent, especially so in view of the intense competition. An outstanding feature of our activities was the achievement on lending. In 1986 our lending was increased by 30%.

In the earlier part of the year we did not have problems in lending out money when some other societies were advertising for borrowers. And,

towards the end of the year, we did not find ourselves short of funds as most others did.

Throughout the year we had a ready supply of funds consistently available. The result was plenty of customers for us and no queue for mortgages.

This happy state of affairs came about because our cash flow management was good. One of the major factors was our innovative use of the wholesale money markets.

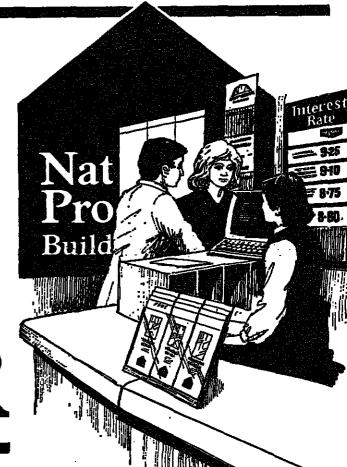
We raised a net amount of £244 million in wholesale funds during the year, of which £200 million came from a floating rate note issue, a method of borrowing that we pioneered.

We are also greatly encouraged by a 10% increase in our lending to first-time buyers. This was predominantly in the latter part of the year and was a direct result of our initiative in offering them a 0.25% discount on mortgages guaranteed until the end of

The surplus before tax for 1986 rose by £13.0 million to £61.0 million. Net investment was the highest ever at £474 million against £471 million and National & Provincial's assets passed £6 billion for the first time at £6,047 million, up £764 million. The reserves increased by £39.1 million to £238.9 million, the largest increase ever recorded, and the reserve ratio improved further from 3.78% to 3.95%.

Against that background, National & Provincial expects to make further headway against the competition through technology, which will increase operating efficiency, and through a rearranged product range featuring clear, simple, logical and competitive investment accounts.

In addition the society is now offering the services provided by banks whilst retaining building society traditions of quality and friendliness.



We loaned at a rate just under £1,000,000 per working hour throughout the year 99

National & Provincial Building Society REVENUE AND APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1986 (UNAUDITED)

	1986	1985
	£ million	£ million
Total income	689.5	638.1
Total expenditure	628.5	590.0
Surplus before taxation	61.0	48.1
Taxation	22.0	17.8
Net surplus transferred to	20.1	30.3
General Reserve	39.1 238.9	30.3 199.8
General Reserve at end of year	230.7	177,0
ASSETS	1986	1985
	⊈ million	£ million
Mortgage assets	4,901	4,220
Investments and cash	1,069	989
Fixed and other assets	77	74
Total assets	6,047	5,283
(QLE and L		
MORTGAGES & INVESTMENTS	1986	1985
	£million	£million
Total advances	1,418	1.090
Net investment receipts (retail)	230	209
Net investment receipts		
(wholesale)	244	262
CUSTOMER INFORMATION	1986	1985
	57.875	49,325
Number of new advances	37.0/3	77.343

66 This year (1987) marks a new era for building societies. We shall see more change this year than in the last hundred.

66 Most of the funds withdrawn for privatisation issues have been returned to us.39

66 We helped nearly 300 families to build their own homes through selfbuild housing associations.

66Our computerization programme was completed and processed over 10 million customer transactions.39

66 Since the merger of Burnley and Provincial Building Societies in 1983 our mortgage lending has increased by 100%.39

This advertisement is composed from extracts of the preliminary announcement of results for 1986 and the Annual Review. If you would like a copy of the publication please write to: Mr. Steven Rollinson, Secretary, National & Provincial Building Society, Provincial House, Bradford, West Yorkshire BDI INL

£22,475

315,134

23,7!4

£20,210

307,264

Number of further advances for

Number of mortgage accounts

home improvements

Size of average advance

financial Financial i has released a series of training programmes about Swaps, Eurobonds, Gilts and the Foreign Exchange market, covering every aspect in a detailed and comprehensive way. All are available on video tape and interactive video disc. There are handbooks with worked examples and questions and answers accompanying each series. The programmes are designed to familiarise all levels of management and staff with the workings of the Swaps, Eurobond, Gilt Edged and Foreign Exchange markets. In particular, these programmes will prove invaluable to bankers, accountants, lawyers and the finance departments of major public

Users of Financial i's training programmes include:

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Send for an Information Pack, or arrange for a demonstration of the Swaps Eurobond, Gilts and Foreign Exchange training programmes without obligation, by ringing David Creber, Michael Young or Gabriella Orsi NOW on 01-351 6955

We look forward to hearing from you.

Financial i Limited 250 King's Road, LONDON SW3 5UE, England 28 tel: 01-351 6955 telex: 8951182 GECOMS G



LAW

War-damaged ship not covered by safe berth warranty

ATKINS INTERNATIONAL v ISLAMIC REPUBLIC OF IRAN SHIPPING LINES

Court of Appeal (Lord Justice Parker, Lord Justice Bingham and Sir Denys Buckley): February 2 1987

A CHARTERER'S warranty to nominate a safe berth cannot be broken before the obligation to nominate arises; and where the obligation is to arise when the ship reaches port, the warranty only covers her movements within port as she enters, remains at and departs from berth, and there is no breach if, on the approach journey, she is struck by a war missile.

The Court of Appeal so held The Court of Appeal so held when dismissing an appeal by owners of the motor vessel APJ cargo should be discharged at Trity, from Mr Justice Saville's decision that the charterers had approach voyage to port of dis-

Clause 1 of the charterparty provided that the vessel should proceed to the loading port stated "in Box 10" and load there, and then proceed to the discharging port stated "in Box 11," and deliver cargo at the freight stated "in Box 13."

Box 10 was filled in, "one or the following that the first that

two safe berths Damman." Box 11 was filled in, "one or two safe berths Bandar Abbas, one 11 was filled in, "one or two Iranian shore of the Gulf. Ban-safe berths Bandar Abbas, one dar Abbas was immediately to or two safe berths Bandar the north of the Strait of Bushire, one or two safe berths Hormuz; Bandar Bushire was Bandar Khomeini in charterers' option . . " Box 13 provided for

The vessel was loaded at Damman and was ordered to Bendar Khomeini for discharge. She proceeded to Bandar Bushire and there joined a convoy for Bandar Khomeini. Shortly after, she was severely damaged by a hostile missile. She was towed back to Bandar Bushire where she was even-

an unsafe port. They said that an unsafe port. They said that the prior to the charterparty the that when the order to proceed charterers had represented that to Bandar Khomeini was given.

The arbitrators held that the tively reach, use and return charterers gave no warranty as from without, in the absence of to the safety of the discharging abnormal occurrence, being ex-

from his decision,

Clause 16 of the Gencon form provided that if, before loading, it appeared that performance of the contract would subject the vessel to war risks, the owners were entitled to cancel the charter. If they elected to proceed but it appeared that fur-

Clause 18 of the charternot warranted the safety of the party, which was a typed clause, approach voyage to port of disby the parties that a state of war existed between Iran and LORD JUSTICE PARKER said that by a voyage charterparty on an amended Gencom form dated May 5 1983, the ship-owners chartered the APJ Trity to charterers for the carriage of the charterers for the carriage of the charterers for the carriage of the carriag tra war risk insurance was to be for owners' account, whereas extra war risk insurance on hull and machinery in case of

> charterers' account. Typed clause 35 provided that time lost waiting to join convoy to and from Bandar Khomeini was to count as laytime. The three possible discharging ports were situated on the

Bandar Khomeini was to be for

about two-thirds of the distance option..." Box 13 provided for option..." Box 13 provided for the head of the Gulf; and pantage and season of the Gulf; and pantage and season of the Gulf, very close to the border between the warring and the main scene of

> Mr Boyd for the owners sub-mitted that although there was neither an express nor an implied safe port warranty, the express safe berth warranty was as extensive and perhaps more should be dismissed.
>
> extensive. He accepted that the LORD JUSTICE BINGHAM charterers' initial obligation was to declare a port, that the time to nominate a berth had

not been nominated.

Nevertheless, he submitted it was safe to proceed to Bandar the charterers were in breach Khomeini notwithstanding the of the safe berth warranty un-existing war between Iran and less there was some berth there which the ship could prospec-

tnem, nor did they warrant the safety of the approach voyage.

The owners' appeal was dismissed by Mr Justice Saville. In the Eastern City Frace? in the Eastern City [1958] 2 Lloyd's Rep 127, 131 and the House of Lords decision in the Evia [No 2] 1983 1 AC 736. There was no support for the for the submission in the defi-nition, nor in the Evia.

In the Evia it was held that when the order to proceed to a particular port was given, the contractual promise was that contractual promise was that the port was prospectively safe. The only express provision in the present case was that when the order was given to proceed to a particular berth, that berth was prospectively safe. The promise could not be broken before the obligation to nominate the berth arose, and thus would not cover the approach voyage.

Apart from that general consideration, it was impossible to construe Box 11 as covering the approach voyage to the port when (i) there was no express or implied safe port warranty; (ii) the obligation to nominate a berth would not arise till the voyage to the port was con-cluded; (iii) the whole of the cuided; (iii) the whole or the venture was to take place in waters potentially hazardous from war risks; and (iv) the provisions as to freight, as to convoy, and as to the extra war risks insurance, all pointed to the owners' accepting, subject to their rights under clause. ject to their rights under clause 16, the risk of proceeding to any

one of the named ports.

The owners, subject to their rights under clause 16, had given an unqualified promise to proceed to any one of the three possible ports, and were concerned only that having got there the vessel should be directed to a prospectively safe

There was no warranty promise as to the safety of the approach voyage to any of the nominated ports. The appeal should be dismissed. agreeing, said that the char-terers' first obligation under. Box 11 was to declare a dis-

owners and charterers. The own-ers claimed inter alia that in struck, and that a berth had loading. They could declare any because they were the subject of express agreement,

Their next obligation was to nominate a berth or berths for the vessel within the declared port. It was plain on the express language of the charter that the charterers promised the berths nominated

would be prospectively safe. Subject to two qualifications, a safe berth was one which at and depart from without, in the absence of abnormal occurence, being exposed to

The first qualification was that since the charterers had not promised that the declared port would be safe, the vessel's passage to and from a nominated berth should not be treated as including any part of the voyage to or from the port. It only included move-ment within the port to and from a nominated berth. The second qualification was

that the charterers promise should be understood as limited to a promise that the berths nominated would be prospectively safe from risks not affecting the port as a whole, or all the berths in it. To hold other-wise would be to erode what was intended to be a meaningful distinction between berths

The courts had always refused to distinguish between physical and political unsafety. The charterers' promise must therefore be understood as applying to both, but the unsafety must be particular to the berths nominated and not general to the port as a whole or all the berths in it.

There would be no breach by the charterers if every berth or the port as a whole was prospectively unsafe in the same way and to the same extent. Where that was so, the the discharge port in the first place, or the master should have taken advantage of the clauses entiting him to discontinue the

Sir Denys Buckley agreed with both judgments. For the owners: Stewart Boyd

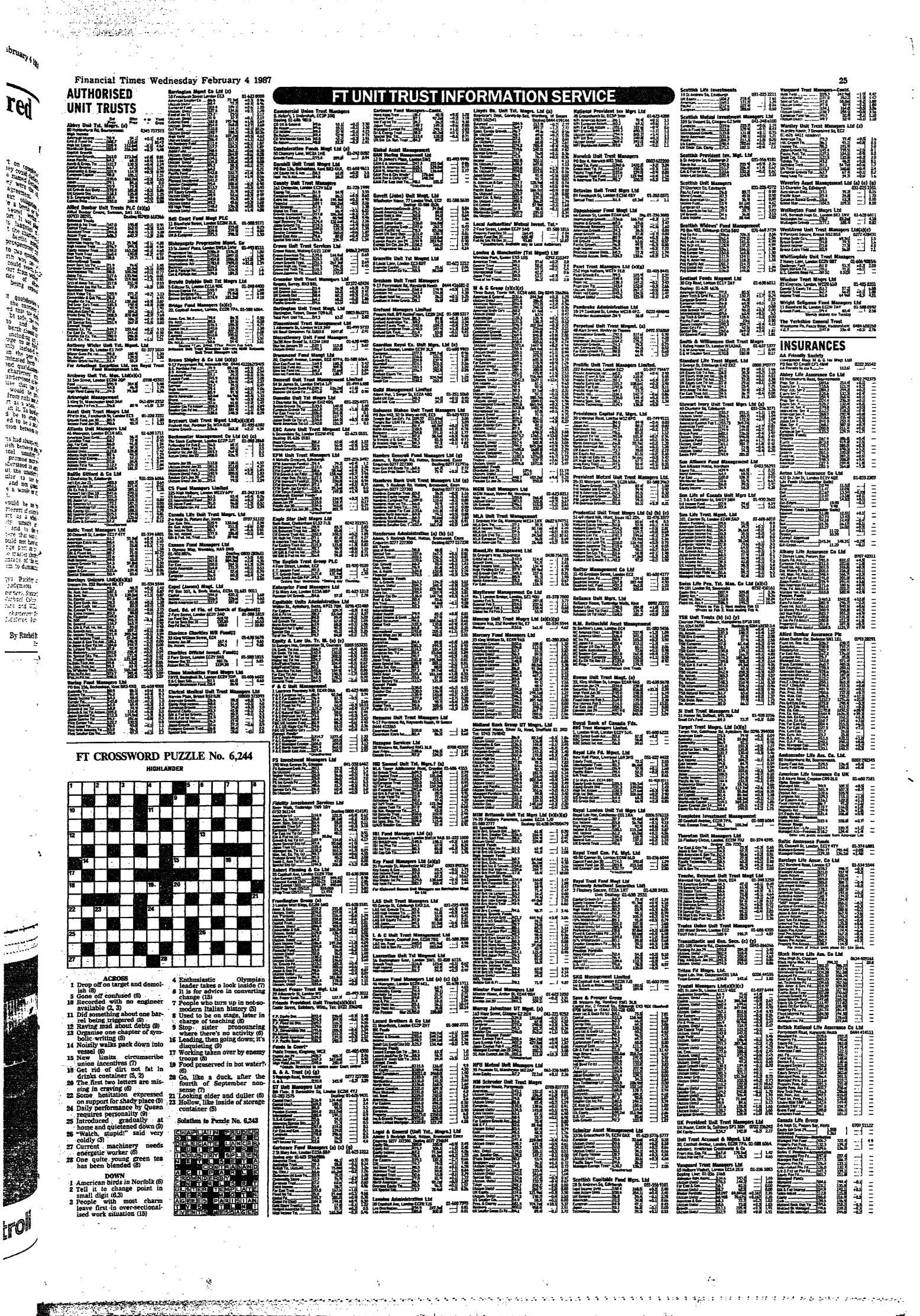
QC and Michael Collins (Holman Fenwick and Willan). For the charterers: Timothu Young (Middleton Potts and

By Rachel Davies



IN AFRICA FOR AFRICA

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Zinc sets

record

in 1986

NON-SOCIALIST world refined

zinc consumption reached a record 4.898m tonnes in 1986,

according to the International

Lead and Zinc Study Group's

preliminary assessment of world supply/demand trends, reports

This represented a rise

173,000 tonnes from 1985 and

,659m and in the US to 977,000

Final figures for the year are

expected to show high consump-tion also in Brazil and further rises in South Korea and other newly industrialising countries,

Refined zinc output fell during the year to 4.835m tonnes compared with 1985's

1.967m tonnes. This mainly reflected Canada's output falling

to 570,000 tonnes from 692,000

tonnes due to the strike at Noranda's Valleyfield smelter.

The US and Japan continued

plants were completed.

said.

Non-socialist mine output of

lead in 1986, at 2.3m tonnes (lead content), was the lowest since 1968, the study group

The fall of 158,000 tonnes

from 1985 was mainly in the US, where mine output fell to

343,000 from 427,000 tonnes

due to the Buick mine closure,

Broken Hill industrial dispute.

Elsewhere, Moroccan output fell 30,000 tonnes after the late

1985 closure of the Zaida mine, while small rises were seen in Mexico, Canada, Europe and

these inter- pean families \$900 a year each

price for wheat.

Australia's

and US families \$700 a year each. More starkly, the Japa-

nese pay eight times the world price for rice, Americans three times the world price for sugar.

and Europeans double the world

the Australian effort concerns the leading role taken by the Primary Industry and Trade ministries. The Foreign Affairs

Ministry has evidently been content to sit on the sidelines.

If it has failed to recognise

the importance of the issue

internationally, as some feel, its peripheral role has so far

allowed Australia to re-assure the US and the EEC that funda-

mental strategic relationships

are not seriously endangered by the agricultural trade issue.

But Mr Hawke's remarks sug-gest that might be changing,

and it will be interesting to see whether Australia's allies regard

this as sabre-rattling or un-

necessarily provocative. Either way, there is no doubt

One interesting sidelight to

the study group said.

tonnes from 941,000. Japanese usage fell to 746,000 from

780,000 tonnes.

reflected consumption in Europe rising to 1.766m tonnes from

Brokers claim £110m in Tin Council court case

braces formula maximising the brokers' options for enforcing

ties incurred to the brokers in relation to certain tin contracts

made on the LME with the

plaintiffs by the ITC's Buffer Stock Manager or Deputy Buffer

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

TIN CONTRACT debts totalling ant is Gill & Duffus, for a total plaintiff's "negligently and/or f110m and unquantified dam- of f46m. plaintiff's "negligently caring ages—including damages for alleged "false representations" —are claimed by nine London Metal Exchange brokers against the International Tin Council, International Tin Council, its due proportion —a belt-and-its due pr its 22 member states and the EEC in a writ issued yesterday.

The nine—all members of the Tinco Realisations co-ordinating group of LME creditors of the insolvent ITC—are Amalga-mated Metal Trading, Boustead Davis (Metal Brokers), Gerald Metals, Gill & Duffus, Henry Bath & Son, Holco Trading Company, Metallgesellschaft, Metdist and Mocatta Commercial.

As an alternative to their contract debt claim, they seek dam. Stock Manager between July ages for repudiation of the con- and October, 1985. The largest individual claim.

The brokers claim damages contains of the brokers also contained for "the false representations" make claims in respect of made by the ITC's Buffer Stock arbitration awards and margin payments. In addition there are claims for interest on the debts. ages for reputation of the com-tracts or for non-acceptance of the goods sold, after ITC buffer stock operations collapsed in October 1985.

per lb. in warehouse, ingots, 0.89-0.93 (same), sticks, 0.89-

0.93 (same).
COBALT: European free

market, 99.5 per cent, \$ per lb, in warehouse, 5.85-6.10 (5.85-

(165-170).

MOLYBDENUM: European free market, drummed molybdic

oxide, \$ per lb Mo, in ware-house, 3.08-3.12 (3.10-3.15).

SELENTUM: European free market, min 99.5 per cent, \$ per lb, in warehouse, 4.60-5.20 (4.70-

TUNGSTEN ORE: European

free market, standard min 65 per cent, \$ per tonne unit WO, cif, 38-46 (36-46). VANADIUM: European free

market, min 98 per cent V₂O₃, other sources, \$ per lb V2O1,

URANIUM: Nuexco exchange value, \$ per lb U,O,, 16.65 (16.75).

initiative last week to combat

the world crisis in agriculture.

Mr Miller is the dynamic secretary heading the Ministry of Primary Industry in Can-berra—the man widely regarded

as the key official behind the seven-point strategy for ending the farm trade war unveiled

last Thursday by Prime Minister

Bob Hawke to an international audience in Switzerland. Mr Hawke proposed a freeze

on subsidies, a phased reduc-

tion in direct farm price supports, a quarantining of sur-

plus stocks and a liberalisation

will now embark on a tour of

Minister of Primary Industry, goes to Europe, and Mr John Dawkins, Minister for Trade, will travel to the US.

For Mr Miller it is the start

of another hectic year. In 1986 he went around the world five

Miller summed up Australia's united front on the issue.

of world agricultural trade. belief that there is a "window Two Government Ministers of opportunity" between now

key capitals to explain and pro-in June to set a reform process mote the plan. Mr John Kerin, in train.

cif, 2.48-2.53 (same).

Traders resist Brazil's WEEKLY METALS All prices as supplied by Metal Bulletin (last week's prices in brackets).

sugar deferment plan

ANTIMONY: European free market 99.6 per cent, \$ per tone, in warehouse, 2,300-2,350 BY RICHARD MOONEY BISMUTH: European free market, min 99.99 per cent, \$ per lb. tonne lots in warehouse, shipments has run into stiff current price) they are CADMIUM: European free market, min 99.95 per cent, \$

opposition. 6.05).
MERCURY: European free market, min 99.99 per cent, \$ per flask, in warehouse, 165-175 meet export commitments for 27m tonnes this year (up from 2.4m last year) according to a Reuter report based on contacts with industry experts in New

> As a result the country's Sugar and Alcohol Institute recently "offered" to defer export shipments of around 1m tonnes of sugar from 1987 to 1988. As might have been expected the offer has not been well received, and the IAA has decided to keep it open until the end of this week.

Later, at the Gatt meeting in

Punte del Este, Uruguay, it helped to force the issue of

farm subsidies onto the agenda

for the next round on trade liberalisation.

Last week's announcement from Mr Hawke was simply the

latest, though perhaps the most

ambitious, effort yet, and seems to reflect a view that Australia's

credibility on the issue is high.

The seven-point plan is based on two central assumptions—

that serious negotiations in Gatt are not likely to begin for

(mother two years, and the

and the world economic summit

Mr Miller admits this window "a bit of an artefact,"

but it is clearly an opportunity.

The US Congressional and West German national elections are

out of the way, while the US and EEC budget processes are

BRAZIL'S ATTEMPT to ease a some of the contracts in domestic sugar supply squeeze question involve sugar sold last by asking export customers to year for as little as 4 cents a accept long delays on contracted ib (little more than half the current price) they are creases in Brazil and South extremely reluctant to do that. Korea as expansions at existing

recklessly without caring whether they be true or false"

that the ITC reasonably expec-ted to have sufficient funds

available to meet the contract

The false representations were impliedly made in making

the contracts and either author-

ised by the member states and the EEC or made on their

Alternatively to that claim,

breach of warranty that the liabilities would be met when

they fell due-alternatively that

there were reasonable grounds to expect that the ITC would

have sufficient funds to meet

liabilities.

for a declaration that the behalf, the writ asserts. defendants are liable to meet Alternatively to that

all the debts and other liabili- the brokers seek damages for

With domestic demand for sugar and sugar-based fuel at the moment," a sugar alcohol booming, and supplies sharply reduced because of last London broker, said yesterday. the world's single biggest or deferment fees amounting exporter, will be unable to to at least the cost of replacing the sugar at current world market prices. But, on the other hand, they will not want to press so hard that the IAA gives up negotiating and and in Australia where it dropped to 416,000 from 474,000 tonnes due to the

Much of the contracted sugar may be destined for the Soviet Union, which has been the main buyer in the market for a little while now. And traders will be anxious not to let down such South Africa.

Refined lead production dropped 230,000 tonnes to 3.971m, of which 1.8m tonnes an important customer.

Improved sentiment, aided by open until the end of this week. Brazil's supply problems and One New York trader told increased Soviet buying, lifted Reuter that any agreement to roll contracts forward would force trade houses back into the world market to "buy sugar to cover export commitments to final destinations." And as increased Soviet buying, lifted the London daily raw sugar was secondary metal. This was secondary metal. This was secondary metal. This was force trade houses back into the sugar to price the same of the mainly to a fall in US output to 906,000 from 1985's beginning of the year. But the cover export commitments to final destinations." And as

Hawke plays the dove in farm trade war

"THE CHANCES of success are not great. But the costs of not trying are even greater."

Last year it helped to cofarmers that remaining pockets much like in the rural cies are hurting them. The Australians say subsidies with those words, Mr Geoff "Cairns Group," to present a country was to retain its are costing non-farming European families \$900 a year each

credibility in national efforts.

how

adversaries will react, however,

remains unclear. Mr Hawke spoke of a rising frustration

among Australians, but the

Mr Bob Hawke . . . Worried

Quite

LONDON **MARKETS** consumption

ALTROUGH finishing down on the day coffee prices on the London futures market rallied in late trading yesterday. The upturn reflected a rise in the New York market in response to news that the US was satisfied with Monday's statement by producer members of the International Coffee Agreement that they did not intend to intervene in the market. This alleviated concern that the US would not negotiate on the reintroduction of ICO export quotas because of Latin American producers' plans to restrict supplies in the absence of supplies in the absence of agreement at ICO level. A meeting to discuss terms for the reimposition of export quotas is planned for February 23. Quotas were suspended in February last year after a sharp price rise caused by drought damage to the Brazilian crop had taken prices through a pre-deter-mined trigger point. The May position on the London Futures market, which had dipped to £1,595 a tonne at Tungs Wolfram Zinc 5 mths,... one stage yesterday, ended the day down £13.50 on balance

at £1,617.50 a tonne. LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

their recent downward produc- tion trends with falls of 20,000 and 32,000 tonnes during the	ALUMINIUM .
year. European output rose to	Unofficial + or close (p.m.) - High/Low
1.995m tonnes from 1.960m in 1985, assisted by new capacity	Cash 814-55 813/802.5 8 months 815-6 +0.25 815/808
in Italy, while there were in- creases in Brazil and South Korea as expansions at existing	Official closing (am): Cash 812.5-3 (807-7.6), three months 811-1.5 (813-3.5), settlement 813 (807.5). Final Kerbcloss: 814-5. Tumover: 38.650 tonnes.

COPPER				
Grade A	Unoffic'i	+ or -	High/Low	
Cosh 3 months	877-8 900-998,5	-2.5 -2.5	.875.5 ;901;898	
Official ci (880.5-1), ti 3.5), settlen close: 899.5	ree month	s 888	esh 875-8.5 8.5 (902.5- Final Karb	

Official closing (am): Cash 855-6 (860-1), three months 878-80 (883-5), settlement 856 (861). US Producer prices: 63.75-67.50 cents a pound. Total Turnover: 19.500 tonnes.

	Unofficial close (p.t £ per	tonne	High/Low
Cash 5 months	294-5 296,5-7	+2 -0.5	298/294,5 299,5/296
(293.25-3. (295.5-6), Final Kerl	5), three settleme closs: 29	month Int 297. 17-8. Turn	sh 297-7.5 s 299-300 5 (293.5). sover: 5,050 s a pound,

NICKEL

NICK	EL ·		COCC	A
	Unofficial + or close (p.m.) — £ per tonne	High/Low	and gains eroded th	opened better than £13 before prior gains by mid
Cash 3 month	2370-80 -11 2420-5 -11	2360/2555 2420/2461	again bea	rally on the close r the highs of r, reports Gill an
(2,370-1)	closing (sm): Ca: , three months 2,40 ment 2,385 (2,371).	11-2 (2,420-		Yesterday's close + 0
ciose: 2,4	110-20. Tumover: 6	78 tonnes.	COCCA	£ per tonne

High grade	Unofficial + o close (p.m.) — £ per tonne	High/Low
Cash 3 months	476-7 +6 472-2.5 +4.5	478/475 475/466
(471-1.5), 8.26), sett	closing (am): C three months 473- lement 477.5 (47	3.5 (467-75- 1.6)., Final

TIN KUALA LUMPUR TIN MARKET— 17.16 (----) ringgit per kg.

GOLD

Gold fell \$5% en ounce from Monday's Gold fell \$5% an ounce from Monday's close in the London bullion market year tarday to finish at \$401-4012. The metal opened at \$4037-404 and traded between a high of \$504-4002, and a low of \$4002-4012. Early trading saw a little shortcovering but shis quickly dried up and the metal lost ground during the afterneon. Once again the market remained focused on the performance of the dollar while the \$400 level provided a fairly resilient downward resistence level.

	times, accompanying Ministers or simply as a Government official, discussing and negotiat- ing over the deepening pro-	likely to set farm prices in several months' time. The unanswered question is whether the Australian strategy	Mr Bob Hawke worried about corrosion of political relationships.	Either way, there is no doubt about Australia's frustration. Talking recently of his endless trips, Mr Miller said he ebbed	afterneon. Once again the market re- mained focused on the performance of the dollar while the \$400 level provided a tally resiliant downward resistance level.
	blems of global agricultural trade. Behind Australia's rush of	can work. On the face of it, the 12-member EEC will only move at the pace of slowest member, in this case France,	country's diplomatically aggressive approach seems likely to ruffle a few European and Japanese feathers.	from absolute and complete pessimism to cautious optimism. In his view, however, there were grounds for optimism, first because of the absurdity of	GOLD BULLION (fine ounce) Feb. 2 Close \$401.401½ (£262½ £63) Opening \$405½ 404 (£265½ £64) M*n*g fix., \$402.00 (£265.005) Affin*n fix \$404.00 (£265.389)
٠	ing role for itself. As a major exporter of wool, wheat, meat, sugar, dairy products and other commodities, it has watched its efficient farm sector suffer as the country gets caught in the	has arctic relations. The US, for its part, will welcome the initiative but is only likely to shift position if it is sure the EEC will do so. As for Japan, experience so far suggests that, if it moves at all, it will do so slowly. Australia itself has mean-	Last year, when the Primary Industry Ministry's think-tank, the Bureau of Agricultural Economics, produced its "little red book" analysing some of the real costs of EEC farm support policies, EEC officials reacted angrily. Undeterred, Australia is going further the Militane and produced.	international officials—to the cause of reform. It was, he said, necessary to dramatise the problem, to show	GOLD AND PLATINUM COINS Am Eagle \$414-419 (£271-27414)
	its allies as well as its trading partners, it is starting to worry that increasing trade tensions will corrode vital political and security relationships—a point Mr Hawke made in his speech in Switzerland. The Australian move comes as no surprise. Instead of sitting by helplessly, Canberra has tried on several occasions to	counter-attack. It is lowering its high manufacturing tariffs at a rate as slowly as any country, as EEC officials eagerly point out. That is why Mr Hawke included in his proposal an offer to "bind" Australian tariffs—that is, to impose an overall teiling within which individual	effort may be made to tell US.	honestly what its causes were, and then to show the way out. But solutions had to be multi-lateral, and international statesmanship would be needed to carry the issues to the highest level. That is what Australia is now trying to do ahead of the sevennation economic summit of world leaders scheduled for	

	per tonne 132,0-186,0		
eb	132,0-146,0	+ 1,00	184,0
pril	1128.2-128.6	1+U.M	
UпA	129.0-120 <u>.2</u>	+0.85	120,0
HOUSE	116.2-116.0	+0.16	118.0
etobar	117,8-116,0	+0.16	_
	119.5-170.6	-0.16	_
6b	128.0-124.0	-1,90	<u>i – </u>
Sales: 60	(same) lot	a of 2	20 tonnes

US MARKETS

INDICES

Feb. 3 Jan. 30 Meth ago Year ago

1636.7 1603.7 - 1849.2

(Base: September 18 19431=100)

Dow Feb. Jan. | Mith Year Jones 3 30 ago ago

Spot 115,13115,01 - (129,54) Fut :116,74116,22 - :127,81

(Bass: December 31 1831 = 100)

MAIN PRICE CHANGES

Barley Fut. May £114.85 0.05£113.85 Malze £143.00 £143.00 Wheat Fut. May £118.00 -0.05£13.55 No. 2 Hard Wint. 1

'esterday's close + or

per tonne

GRAINS

WHEAT

POTATOES

Sales; 519 (649) lots of 40 tonnes.

...MEAT COMMISSION-Average fatcomprisor. Comprisor. Average fat-stock prices at representative markers. GB—Cattle 92.14p per kg lw (~0.41); GB—Sheep 174.25p per kg est dcw (+4.25); GB—Pige 73.41p per kg lw (+0.51).

MEAT

COFFEE

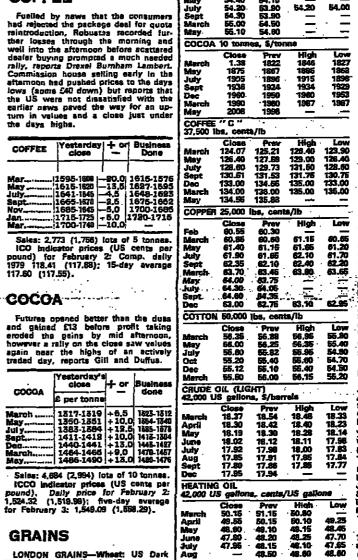
\$1325/845 + 20 \$1205/22

REUTERS

DOW JONES

TRADE AND LOCAL selling in gold futures kept the market under pressure for most of the day, before commission house buying late in the session steadied prices, reports Drexel Burnham
Lambert Early trade and
speculative selling also
featured in platinum futures with short-covering emerging in the close. Silver futures tended to follow the gold and platinum, but in light volume. Weaker oil prices prompted trade and local selling in crude oil futures, but after penetratig the support at 1825 basis April good trade sup-port emerged, holding the market in a narrow range for the rest of the day. Trade and speculative selling in sugar futures depressed prices but good support emerged between 740 and 745 basis March as the trade turned buyer, touching off commission house steps to take the market back to the take the market back to the highs where trade price-fix and selling was noted. Cocca futures rallied on short-covering and light manufacturer buying in the face of origin price-fix selling. Wheat futures in Chicago featured two-sided trading, on balance forming while corn attracted. two-sided trading, on balance firming, while corn attracted commercial selling. Soyabean futures featured persistent suport despite hedge selling. Soyabeanmeal was firm reflecting good European demand and despite bearish sentiment, soyabean oil was not as weak as expected. Pork bellies fell on a technical reaction to recent steadiness,

Cocca Ft. May | £1350.5 :- 19.8/£1439.5 |
Coffree Ft. May | £1617.5 | -118.8/£1645.5 |
Cotton a Ind. 4 | 55.15c | -10.8/6 |
Gas Oil Mar. | 6154.25 | -1.75 | 6163.75 |
Rubber (kilo) | 550 | -1.75 | 6163.75 |
Wooltops 64s | 418p | kilo | +2 | 42p | kilo | prices. Cattle futures firmed as cash prices steadied. **NEW YORK** Unquoted. † Per 75-16 flesk. c Cents a pound. * Cotton outlook. x Jen-Feb. y Feb-March. v April. Close Prev 54.55 54.40 54.65 54.40 54.40 54.15 54.20 53.90 54.30 73.90 55.00 54.50 55.10 54.80 COCOA 10 tonnes, \$/tonne 37.500 lbs. centa/lb



GAS OIL FUTURES

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent: March 103.75, April/May 100.00. US No 2 Sok Red Winter: Feb 107.00. French 112-12 per cent: Jan 141.75. English feed, fob: Feb 121.00, March 121.50 sellers, April/June 122.00-123.00 buyer/sellers. Matze: US No 3 Yelfow/French transhipment East coast first-half Feb 143.50. Barrey: English feed, fob: Feb 118.50 seller. Rest unquoted. បទ៖ Turnover: 3,835 (2,423) lots of 100

Mar - 115.00 +0.20 115.35 -0.05 May - 118.00 -0.85 114.85 -0.85 July - 100.85 -0.20 100.55 -0.16 Nov. - 103.00 +0.15 108.10 +0.10 July - 105.85 -0.25 105.85 +0.10 Mar. - 108.55 +0.20 108.10 +0.10 OIL

Business done—Wheet: Merch 116.00-6.35. May 118.00-7.60, July untraded, Sept 100.85-0.75, Nov 102.35 only, Jan 105.60 only. Sales: 403 lots of 100 tonnes. Barley: March 113.30 only. May untraded, Sept untraded, Nov untraded, Jan 105.75 only. Sales: 13 lots of 100 tonnes. Crude oil trading continued thin and virtually confined to March Brant which opened at \$18.05 weakened by 10 cents but recovered in afternoon trading. February Forties was reported sold just below \$18. March WTI opened 12 cents down on Nymex and traded 18 cents down on 1.30 pm \$57. In the petroleum products market all products weakened on the back of lower crude prices. Naphtha and fuel oil fell in busy trading. Gas oil was moderately quiet. Petroleum Argus, London. Jan 105,75 only. Sales: 13 lots of 100 tonnes. HGCA — Locational ex-farm apot prices: Feed barley: S. East 12.40; S. West 109.50; W. Midlands 111.50; N. West 10.80. The UK monetary coefficient for the week beginning Monday Februser 2 (based on HGCA calculations using five days exchange rates) is expected to change to 1.328. Old crop wheat market after early losses firmed sharply on keen short covering interest with strong emphasis to buy March, self May. Old crop barley was very quiet while new cropa steadled on shipper short covering, reports T. G. Roddick.



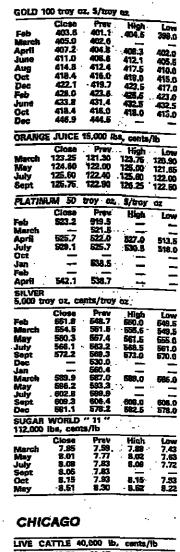
PRODUCTS—North West Europe Prompt delivery oif (\$ per tonne)

* March Petroleum Argus estimates. HEAVY FUEL OIL

Harper.	Month	Yesterday close	+ or ~	Business Pone
	Feb Mar Apr	93,50 92,50	1.00 0.50	
	ממזענ	nver & Inii) leste a	of 100 sames.

RUBBER

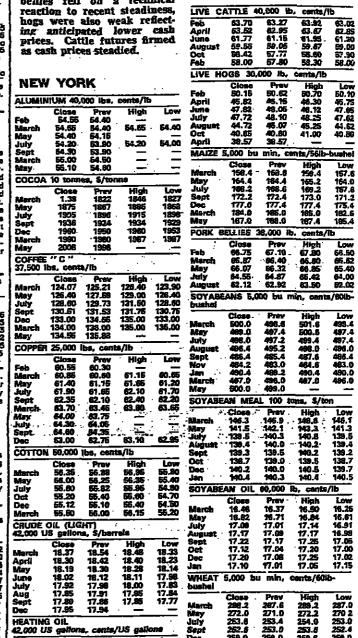
PHYSICALS — The London Market opened with little change. Nn physical interest was shown throughout the day, closing quiet. Reports Lewis and Peat. Closing prices (buyers): Spot 68.00p (same), March 64.25p (same), April 64.25p (same). Kuala Lumpur lob prices (Malaysian cents a kilo): RSS





167 17

A CREEKS



SPOT PRICES—Chicago loose lard 14.50 (14.00) cents per pound. Handy and Harman silver builton 548.00 (556.50) cents per troy ounce. No 1 229 (same) and SMR 209 (208). FUTURES—Index 663, March 660-590, April 682-692, April/Juna 685-695, July/, September 695-705. Sales: Nil. **SUGAR**

the mai	 leck of rket.began irnight level 	to struggle	to mai
No. 6 Con- tract	Y'st erdy's close	Previous close	Busine done
Mar	\$ per 1 178,4 174,0-174,2	tonna 768,6-168,8	170.6-16

May..... 174,0-174,2 172,8-172,6 174,4 179,5 Aug..... 176,0-175,8 174,6-175,0-175,8 174,0-177,8, 178,2 178,0-186,0 178,0-186,0 178,0-186,0 184,0-185,0 184,0-185,0 185,0 May.... 185,0-181,0 187,0-191,9

Sales: 2,437 (3,110) lots of 50 tonnes.
LONDON DALLY PRICE—Raw sugar
\$179,50 (£119,00), down \$5.50 (down
£3.00) a tonne for February-March delivery. White sugar \$203,00, down
\$3.50.

Tate and Lyle delivery price for granulated basis sugar was £224.00 (£226.00)
a tonne for export...
international Sugar Agreement—(US
cents a pound fob and atowed Carlbbean ports). Prices for February 2:
Dally price 7.44 (7.27): 18-day average
£5.90 (5.81).

PARIS—(FFr per tonne): March 12161216: May 1244-1246; Aug 1275-1278:
Oct 1300-1305: Dec 1330-1345: March
1370-1378.

FREIGHT FUTURES

| Close | High/Low | Prov. April 752/763 767/760 240/649 7551/755 759/763 759/763 770/775 770 770 775/805 — 580/695 — 580/695 800/6820 820/610 861.5

Fall in Sri Lankan tea output

SRI LANKA'S tea production fell to 211,278 tonnes in 1986 from 214,094 the previous year, the Sri Lanka Tea Board said, reports Reuters.
It attributed the decrease to

less favourable weather. A significant feature of the production pattern in 1986 is the sharp increase in CTC and LTP

Australian agriculture and Japanese and European con-trade officials have also warned sumers and taxpayers just how is working. Fresh hopes for Australia's 'birds in the bush' BY STEFAN WAGSTYL, RECENTLY IN WESTERN AUSTRALIA

ABORIGINES Wiluna, in the Western Australian outback, have been struggling for 10 years to make money out of farming

seize the initiative, and not

The temperamental birds did not take kindly to being Moreover Ngangganawili community could find few outlets for sales of emu meat and emu

protect which was

funded with Federal Government help aimed at helping aborigine enterprises, almost collapsed and the farm was reduced to producing carved

eggs for tourists. But now the farm workers have won a fresh lease of life by discovering a way of tan-ning emu leather. Last month they launched their first collection of emu leather clothes at a fashion show in Fremantle, near Perth, where

the Americas Cup yachting races are being held. The designers promoted what they call "the ancient reptillan look and feel of emu." Whether it will catch on is difficult to say: at A\$200 (£87) a square metre—it times more than cow leather way not anneal. -emu leather may not appeal

to everyone. But with the backing of public and private sponsors, Wiluna emu farm workers

hope to market their leather in Australia, Japan and the US and possibly later in

Europe.

The farm is also looking at other, albeit specialised markets. A Perth dector is experimenting with omu oil for arthritis; Chinese people have used emu feathers for perfumes for men; and emu beaks are an ingredient in

Mr Hawke made in his speech in Switzerland. The Australian move comes as no surprise. Instead of sitting by helplessly. Canberra has tried on several occasions to tried on several occasions to the initiative and not considered the initiative and not considered to the i weeks will tell if the strategy

f	down 4c; and 12-month 501.2c, down 4,85c. The metal opened at 380.3814p (551.553c) and closed at 3524-350p (548-550c).	With mid-lausery stock figures ex- pected shortly and little or no mova- ment to UK physical price. London
7	allver Bullion + or LM.E. + or par troy oz Price Unoffic'i	traded nervously in a £1.00 range. Despite a weak close in Holland, F11.20 down on the day, good sup- rout was seen at £154.00 basis April
	Spot	with the market recovering to finish of the days lows, reports Coley and Harper. Yesterday's Pr. vious Business
	LME—Turnover: Nil (nil) lots of 10,000 ounces. Final kerb close 367-9p.	# per tonr s Feb 112.00 110.50 109.00
	SOYABEAN MEAL	May
	Y'sterd' vs + ai Business	Eah 97.50 97.50

	Y'stord' ye	+ 01	Business done
April	128,2-126.8 129,0-120,2 116,8-116,0 117,8-116,0 119,5-120,6	+O.16	120.0 116.0
	(same) los	ta of 2	20 tennes.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up from day's low

THE DOLLAR finished above the day's lows in currency markets yesterday, following the release of better than expected US economic data. Early trading had seen the dollar fall as the market continued to suppose the dollar fall as the market continued to suppose the dollar fall as the market continued to suppose the prospect of a general election this year tending a base for an economic rethink. The change in leading indicators was at the higher end of market expectations but appeared to have little effect. The dollar fall as the market continued to suppose the prospect of a general election this year tending a base for an economic rethink. to view a further dollar decline as an essential prerequisite to solving the US trade deficit. However US leading economic indicators resolved.

SHIP SHEET

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jutput

However US leading economic indicators rose by 21 per cent which was the upper end of expectations white factory orders for December rose by 44 per cent excluding defence orders compared with a 0.9 per cent rise in November. In addition single family home sales rose by 127 per cent These all beloed to lift. 12.7 per cent. These all helped to lift the dollar from levels close to a 61/2 year low against the D-mark but speculators remained unimpressed and the overriding bearish sentiment suggested that the dollar's decline had met only a temporary halt.

The dollar closed at DM1.7975 up from the day's low of DM 1.7835 but down from Monday's close of DM 1.8075. It was steadler against the yen, closing at Y1524 from Y15255. Elsewhere it slipped to FFr 6.0025 from FFr 6.0275 and SFr 1.5175 com-

pared with SFr 1.5250. On Bank of England figures, the dollar's exchange rate index fell to 103.0 from 103.8.

STERLING—Trading range against the dollar in 1986-87 is 1.5555 to 1.3700. January average 1.8568. Exchange rate index 68.3 unchanged from the opening but down from 68.4 on Menday. The six manufacture and forms are 21.7 menths ago figure was 71.7.
Sterling showed very little overall change. The market still remained wary of running long positions in sterling with uncer-

£ IN NEW YORK				
Feb 3	Latest	Previous Class		
£ Spot 2 months 3 months 12 months	1.5295-1.5305 0.60-0.57 pm 1.78-1.74 pm 6.20-6.30 pm	1.505-1.525 0.56-0.55 pm 1.76-1.73 pm 6.17-6.07 pm		
Forward pred U.S. dollar.	nlums and discou	unts apply to the		

		Feb. 3	Previous
8.30	237	68.3	68.4
9,00	2M:	68.3	68.5
10.00	am	68.3	68,4
11.00	3¢11 ,	68.3	68.4
Ngan		68.4	68.5
1.00	DITI	68.4	68.5
2.00	pm _{result}	68.3	68.4
3.00	pm	68.3	68.4
4.00	pm ,	68.3	68.4

CURRENCY RATES

Fab. 3	Bank rate %	Special Drawing Rights	Earnyeau Carrency Unit
Sterling U.S. Dollar Canadian Sch. Belgian Franc Danish Krone Dentsche Mark Neth. Gulkier French Franc Franch Franc Japanese Yen Korway Krone Spanish Peseta Swedish Krone Swedish Krone Swedish Franc International Swedish Franc Intish Pase Intish Pase	55 820 4 87 30 41 12 30 8 77 35 35 20 2	0.83181 1.2724 N/A N/A N/A 2.2821 N/A 7.5148 N/A 193.79 N/A N/A N/A N/A	0.751234 1.14676 1.52897 14.4847 42.6680 7.79337 2.05751 2.32047 6.86794 1466.70 174.651 7.96022 145.810 7.39544 1.73768 1.51.085 0.7766.73

CURRENCY MOVEMENTS

February 3	Benk of England Index	Morgan Guaracty Changes %					
Sterling	68.3	-25.9					
U.S. Dollar	103.0	-3.7					
Canadian Dollar	78.1	-10.4					
Ausurian Schiffing	140.1	+10.9					
Belgian Franc	101.1	-3.4					
Danish Krone	94.5	+4.9					
Deutsche Mark	149.6	+23.2					
Swiss Franc	172.5	} +22.0					
Gotteler	7.36.6	+15.5					
French Franc	72.6	-12.0					
ونا	48.8	-15.9					
Yen	209.7	+56.8					

OTHER CURRENCIES

OTHER CONNENCES							
Feb. 3	£	\$					
Argentina	2.0310-2.0385	1,3280-1,3320					
ـــ عالوروس	2,3025-2,3055	1.5020-1.5030					
Brazil	25.3115-25.4555	16,5490-16,6320					
Fisherd	6.8870-6.8995	4.4970-4.4980					
Greece	199.10-202.75	130.35-132.65					
Hong Kong	11.8880-11.8990	7,7750-7,7770					
tran	111.45*	72.35°					
Korez (Sth) .	1297.50-1310.20	853.40-860.40					
Kingalt	0.42430-0.42520						
Luxerbourg	56.50-56.80	37.10-37.30					
Malaysia	3.8670-3.8725	2,5290-2,5310					
N. Zealand	2.8135-2.8210	1.8350-1.8380					
5audi Ar	5.7440-5.7495	3.7495-3.7505					
Singapore	3.2565-3.2620	21300-21320					
S. Af. (Cm)	3.1300-3.1900	2.0575-2.0620					
S. At. (Fn)	6.6480-6.9500	4.3460-4.5455					
Talwag	53.35-53.65	35.00-35.10					
NA F	56260-56335	3,6725-3,6735					

MONEY MARKETS

INTEREST RATES were steady on the London money market yester-day, with three-month interbank unchanged at 11½-10½ per cent. As expected Britain's gold and currency reserves rose in January. The increase of \$72m was slightly

The increase of \$72m was slightly less than the December figure of

\$96m, but had no impact.

The Bank of England forecast a money market shortage of £150m and provided total help of £144m.

UK clearing bank base lending rate 11 per cent

since October 15

Before lunch the authorities bought £70m bills outright, by way

of frm bank bills in band 2 at 10H-per cent; £6im bank bills in band 3 at 10% per cent; £1m bank bills in band 4 at 10½ per cent; and £1m local authority bills in band 4 at

In the afternoon the Bank of England purchased £74m bills outright, through £20m bank bills in band 1 at 10% per cent; £1m local authority bills in band 2 at 10% per cent;; £21m bank bills in band 2 at 10% per cent; £25m bank bills in bank

1012 per cent; £25m bank bills in band 3 at 10% per cent; and £7m

bank bills in band 4 at 1012 per

Bills maturing in official hands,

repayment of late assistance, and

a take-up of Treasury bills drained 2225m, with bank balances below target absorbing £75m. These outweighed Exche-

10% per cent.

UK rates steady

2.7475 compared with DM 2.7550. It was firmer against the yen at Y232.75 from Y232.50 but lower in terms of the French franc at FFr 9.1725 from FFr 9.1850. Elsewhere it slipped to SFr 2.3175 from SFr 2.3250.

D-MARK-Trading range against the dollar in 1986-87 is 2.4710 to 1.7876. January average 1.8568. Exchange rate index 149.5 against 138.3 six months ago.

There was no intervention by the Bundesbank at yesterday's fix-ing in Frankfurt when the dollar was quoted at DM1.7935 down from DM 1.8182 on Monday. Early trading saw the dollar fall sharply as traders took the view that a further dollar decline seemed likely in order to redress trade imbalances. This sentiment was reinforced by comments made by US Treasury Secretary James Baker, which claimed that one set

expectations but appeared to have little effect. The dollar closed at DM 1.7925 from DM 1.8160 on Monday.

JAPANESE YEN_Trading range against the dollar in 1987-88 is 202.70 to 151.30. January average 154.62. Exchange rate index 209.7 empared with 219.1 six months

Trading was confined to a fairly narrow range in Tokyo yesterday with the dollar's weaker trend being controlled by recurring demand every time it threatened to dip below Y152.0. It closed at Y152.30 compared with Y152.55 in New York and Y153.15 in Tokyo on Mew York and Y153,15 in Tokyo on Monday. Uncertainty also reflected the market's unease about the timing of a meeting of G-5 fluance ministers although some dealers suggested that unless there was an increase in the common ground between the member nations then an early meeting seemed unlikely.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu February 3	% change from central rate	% change adjusted for divergence	Divergence
Belgias Franc Danish Krone German D-Mark French Franc Dutch Franc Litch Folitier Litsh Punt Italian Lira	42,4582	42,6680	+0.49	+0.49	± 1.5344
	7,85212	7,79337	-0.75	-0.75	± 1.6404
	2,05853	2,05751	-0.05	-0.05	± 1.0981
	6,90403	6,86794	-0.52	-0.52	± 1.3674
	2,31943	2,32047	+0.04	+0.04	± 1.5012
	0,768411	0,776673	+1.08	+1.08	± 1.6684
	1,483.58	1466,70	-1.14	-1.14	± 4.0752

Irish Punt	0.768411 1483.58	0,776673 1466,70	+1.08	+1.08 -1.14	± 4.1
Changes are for Eco, Adjustment calculated			ootes a weak	currency,	

POUND SPOT-FORWARD AGAINST THE POUND

Feb. 3	Day's spread	Citise	One month	% p.e.	Three months	% pa
ZU	1.5230-1.5340	1.5275-1.5285	0.57-0.54c pm	4.36	1.75-1.70 c pm	4.5
Caesela	2.0333-2.0448	2.0350-2.0360	0.57-0.47 c pm	3.07	1.74-1.58 c pm	3.2
Heth lands	3.08-3.104	3.094-3.104	13-14 cpm	5.08	44-4 pm	53
leigiam	56.60-56.92	56,70-56,80			44-36 pm	2.8
Denmark	10.3512-10.471	10.40-10.41	Par-in ore dis		4-Parpm	0.1
retand	1.0321-1.0382	1.0325-1.0335	0.20-0.35 p dis	-3.19	0.65-0.95 dis	-31
W. Germany .	2.734-2.764	2.744-2.754	15-15 of pag	6.28	45-43-011	6.5
Pormasi	212,49-214,40	212 50-213 50		-9.66	256-488 dis	-6.9
Soala	194.15-194.72		21-51 c dk		64-104 dk	-3.7
(ally	194612-195814	19552-19562	Zon-1 lire dis		3om-1 dis	0.2
iorety	10.57-10.63%	10.57 - 10.58	34-37 are dis	-4,04	105-113 dis	-4.1
rance	9.124-9.174	9.264-9.174			43 ₂₋ 4 pm	18
weden	9.834-9.88		Par ore per		յել-եր pm	0.3
	2324-2334	2324-2334	11-11 y om		4-31 pm	6.6
lottria	19.19-19.33	19.24-19.27	94-85 gro pm		27'4-25's pm	5.4
witzerland _	2304-2324	2314-2324	13-14 c pm	6.80	414-414 per	7.2

-		against t		
F-1. 0	Day's	 One mark	%	_

4.52
7.85
-1.27
0.80
-1.72
-4,27
2.09
-11.47
~6.36
-2.61
-4.22
2.24
1.11
2.71

EURO-CURRENCY INTEREST RATES

Feb. 3	Short term	7 Days'	One Month	7bree Months	Six Months	One Year
Sterling U.S. Dollar Cas. Dollar Cas. Dollar D. Guider Sw. Franc Deutschmark Fr. Franc Halles Lire B. Fr. (Fin.) Yen D. Krose Axian S (Sirg.)	87284 9-10 77484 872912 476-472 104-114	1013-1018 64-64 77-774 53-57-5 11-2 312-4/6 82-83 94-11 77-84 84-94 44-44 104-114 WA	11-11-16-64-72-74-54-52-53-33-34-53-53-53-53-53-53-53-53-53-53-53-53-53-	11-11-5 62-62 72-72-5 52-52 32-32 441 82-9 10-11 74-8 44-42 102-114 94-32	10% 10% 10% 10% 10% 10% 10% 10% 10% 10%	1013-103 62-62 72-713 52-52 33-313 42-42 84-83 103-104 72-74 73-84 4-41 103-103 35-34

Long-term Eurodolfars: Two years b_{4}^{*} - b_{4}^{*} per cent; three years b_{1}^{*} - 7_{4}^{*} per cent; five years 7_{2} - 7_{5}^{*} per cent; five years 7_{2} - 7_{5}^{*} per cent nominal. Short-term rates are call for US Dollars an Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

quer transactions adding £100m to liquidity, and a fall in the note circulation of £50m.

The average mid-market rate for one-week money applicable to temporary facilities rolled over by the Bank of England was 1033 per

In Frankfurt the Bundesbank allocated DM 16bn at yesterday's

tender for a 20-day securities. repurchase agreement, at a fixed rate of 3.80 per cent. Bids totalled

DM 36.4bn, and successful appli-

In Brussels the Belgian National Bank cut its two-month

Treasury certificate rate to 7.75

per cent from 8 per cent. The one-

month and three-month rates were left at 8 per cent and 7.75 per

In Zurich the major Swiss banks

cut time deposit rates by ¼ per

In Telye speculation increased about a cut in the Japanese dis-

per cent on Monday.

cent respectively.

cent to 3 per cent.

	Feb. 3	£	\$	DM	YEN	F Fr.	S Fr.	H FL	Ura	C S	B Fr.
•	£	1. 0.654	1528 1	2.748 1.798	232.8 152.4	9.173 6.003	2.318 1.518	3.098 2.027	1956. 1280.	2036 1.332	56.75 37.15
•	DM	8.364	0.556	1	84.71	3,338	0.843	1127	711.9	0.741	20.66
	YEN	4.296	6.565	11.80	1000.	39,41	9.957	1331	8404.	8.745	243.8
•	F Fr.	1,090	1.666	2.995	253.7	10.	2.527	3.377	2132	2.219	61.87
	S Fr.	0,631	0.659	1.186	100.4	3.958	1.	1.337	844.0	0.878	24.49
	K FL	0.323	0.493	0.887	75.14	2.961	0.748	1.	631.5	0.657	18.32
	Lies	0.511	0.781	1.405	119.0	4.689	1.185	1.584	1000.	1.041	29.01
٠	C S	0,491	0.753	1.350	1143	4.506	1.139	1.522	960.9	1.	27.88
	B Fr.	1.762	2.693	4.841	4101	36.16	4.084	5.458	3447.	3.587	100.

Yen per 1,000: Fresch Fr per 10: Lina per 1,000: Beiglan Fr per 100

ET LONDON INTERRANK ETYING

LI FOHDOM	15416	VENTAN LINGTED				
(11.00 a.m. Feb	ı. 3) 3 n	nonths U.S. dollars	6 months U.S. dollars			
bld 5 Å	_ (Offer 6 &	bid 6 🚣	Offer 6 %		
offered rates for \$10)m quati XXII We	ithmetic means, rounde ed by the market to five a strainster Bank, Bank o y Trust.	reference banks at 11.0	10 a.m. each working d		
MONEY RAT	ES					

NEW YORK Broker tono rate ______ Fed. funds ______ Fed. funds at intervention . 3.85-3.95 81-82 7-11 52-52 4.40625 111-121, 8.00 195-137 3.90-4.10 81₂-85₁ 3.6-3.6 5.6-5.6 4.34375 111₂-12 76-77 143-145 4.00-4.20 8.4-8.1 —

omis 36.400, and successful appli-cants will receive the funds today. The new agreement will replace an expiring pact of DM 10.5bn. Call money traded at 3.90 per cent after the tender, compared with 3.925 in early trading, and 3.975

LONDON MONEY RATES								
Feb. 3	Orer- olght	7 days notice	Month	Tistee Months	Six Months	One Year		
Interhealt Starling COs. Local Authority Deposits Local Authority Bonds Discount Market Deposits Company Deposits Treasory Bills (Bay) Bant Bilds (Bay) Bant Bilds (Bay) Dailar COs SDR Linied Deposits EGU Linied Deposits	10%-7 10%-10% 10%-7 11	11-10% 10% 10% 11%	114-11 114-103 11 114-103 114-11 103-114-11 103-114-103 114-114-103 115-10-103 6-50-6-00 6-6-6-1-7-2	11.6-1011 1031-1035 11-1035 11-1035 11-1031 11-1031 1031 11-5-00 62-64-64 7-8-7-2	108-10H 108-10H 100, 11 	103-103- 104-103- 104- 103- 		

about a cut in the Japanese discount rate. A senior official at the Bank of Japan said he believed a meeting of the Group of Five would soon take place to discuss currency instability, but even if there is no meeting it is likely the Bank of Japan will soon cut interest rates. A senior official at the bank of Japan will soon cut interest rates.

FINANCIAL FUTURES

US bonds close near peak

the day on the London International Financial Futures Exchange yesterday Traders said bond prices were surprisingly firm, given the large increase in December US leading economic indicators, and the weak-ness of the dollar. It was suggested

Mar. 8.44 6.45 4.45 2.54 1.22 0.28 0.06

LONDON

March 98-56
Estimated Volume 0 (10)
Previous day's comm

Close High 89.19 89.20 89.41 89.42 89.79 89.81 59.83 89.84 89.71 89.71 89.63

THREE-MONTH EURODOLLAR

Low Pres. 99.15 89.16 89.57 89.57 89.57 89.57 89.82 89.84 89.71 89.74 — 89.66

Low 93.69 93.76 93.76 93.65 93.46 93.21 92.95

High 93,73 93,81 93,79 93,69 93,49 93,25 92,95

Close High Low 99-06 99-07 98-28 98-12 98-12 ed Volume 3,371 (4,080) day's open int. 4,911 (4,867)

Spot 1-ept. 3-ept. 6-ept. 12-ept. 1,5280 1,5225 1,5108 1,4950 1,4663

Latest High Low Prev 1.5185 1.5260 1.5150 1.5125 1.5020 1.5100 1.4980 1.4950 1.4870 1.4950 1.4870 1.4800

Close High Low Prev 15195 15250 15200 1590 1590 14925 14877 — 14775 volume 57 (78)

CURRENCY FUTURES

ININ-STERLING Sa per £

LIFFE-STERLING \$25,080 \$ per E

day's open lot 1,003 (979)

Close High Low Prev. 114-22 114-26 114-16 114-26 114-26 — 114-29 115-05 — 115-08 114-25 — 114-29 volume 9,180 (8,274)

Price Lass
Mar. Jun
0.00 0.1
0,01 0.2
0,01 0.1
0.42 2.1
1.48 3.2
3.26 4.
5.21 5.1
16.454 Pars \$5

than 65 per cent of the 30-year bonds auctioned, and about 40 per cent in November, but Mr Satoshi Sumita, Governor of the Bank of Japan, warned recently that the weakness of the dollar threatens to reduce the

ness of the golfar. It was suggested in Chicago that the market was supported by dealer buying, ahead of the US Treasury's \$28hn refunding package, which began yesterday with the sale of \$10bn three-year notes. Another \$8.75bn in 10-year ber gain of 0.9 per cent. The notes will be auctioned today, and \$825bn of \$28k-year bonds on Thurs-\$9.25bn of 29%-year bonds on Thurs- gest for any month since January

Mar. 9.12 7.12 5.14 3.20 1.46 0.36 0.03

0.18 0.78 2.33 5.16 9.11

0.10 0.55 2.35 5.10 8.90

· CHICAGO

0.17 0.52 1.27 2.63 4.21 7.70 11.34

0.10 0.25 0.70 1.75 3.40 6.70 10.30

93-08

High 95.51 94.61 94.63

U.S. TREASURY BILLS (IMM) \$1m points of 100%

SWISS FRANC (IMM) SFr125,000 \$ per SFr

Feb. 0.00 0.00 0.00 0.02 0.28 3.35 7.48

Mar. 0.00 0.00 0.02 0.08 0.34 1.24 2.60 30 Puts 1 088 P

Stråte
Proce Feb. Mar.
1.35 15.70 15.70
1.40 11.70 11.70
1.50 2.10 2.70
1.50 0.35 0.85
1.60 0.30 0.40
1.65 — 1.50
Previous day's open lat: Civolane: 15

Mar. 0.71 0.47 0.25 0.09 0.03 0.01 0.00

Jame 1 13.90 0 11.70 0 7.00 0 4.00 0 2.00 4 1.20 8 1.90 Puts 538

Jame 8.36 6.51 5.11 3.49 2.39 1.40 1.04 0.40 al, Calls

US TREASURY bond futures day, amid doubts about foreign supfinished around the highest level on port. Last May it was estimated that the day on the London International Japanese investors bought more excluding defence 44 per cent the largest since April 1978—cou-pled with a sharp rise of 12.7 per cent in home sales for the same month, added to the generally bullish news about the economy,

March delivery US bond futures opened at 99-01 on Liffe, and touched a low of 98-28, before rising to a peak of 99-07, and closing at 99-06, compared with 98-31 on

Calis—Las.
Feb Star
12:23 12:54 9.81, 10:33
7.49 8.28
5.39 6.44
3.59 4.86
2.20 3.60
1.22 2.47
0.61 1.56
0.01 1.56
ay's open int, Calis 23

Latest High Low 0.6587 0.6600 0.6572 0.6626 0.6636 0.6612 0.6672 0.6672 0.6672

Latest High Law 0.5622 0.5649 0.5610 0.5589 0.5618 0.5570 0.5622 0.5649 0.5610

STANDARD & POGRS 500 INDEX

100 240 25 92 212 10 FI.195 FI.200 FI.205 FI.210 FI.215 FI.220 FI.190 40 483 25 122 24 10 27 F1.202.26 June 0.60 1.15 2.30 4.60 7.75 11.75 21.40 FL37.10 FI.44.60 FL21230 B=Bid C=Cati

EUROPEAN OPSIONSEXICE

BASE LENDING RATES

	%	
ABN Bask	11	 Charterhouse Bank
Adam & Company	11	Citibank NA
Allied Arab Bk Ltd		Citthank Savings
Al lied Donbar & Co	11	City Merchants Bank
Alhied Irish Bank	11	Clytlesdale Bank
American Exp. Bic	11	Corners, Blk. N. East
Activo Garak	п	Consolidated Cred
Henry Ansbacher	11	Co-operative Bank
ANZ Banking Group		Cyprus Popular Bk
Associates Cap Corp		Doncan Lawrie
Authority & Co Ltd	1112	E. 7. Trest
Banco de Bilhao	11	Equator'i Tst C'p pic
Bank Hapostim	11	Exeter Trest Ltd
Bank Leumi (UX)	11	Financial & Gen. Sec
Bank Credit & Comm	11	First Nat. Flo. Corp
Bank of Cypns	11	First Nat. Sec. Ltd
Bank of trefand,	11	 Robert Fleming & Co
Back of India	11	Robert Fraser & Ptrs
Bank of Scotland	11	Griedlays Bank ‡
Banqoe Belge Ltd	11	● Guinness Mahon
Barclays Bank	11	HFC Trust & Savings
Beachmark Tst Life	11	Hambro Bank
Beneficial Track Lad	12	Heritable & Gen. Tst
Berliner Bank A.G	11	● Hill Samuel
Bril Bk. of Mid. East		C. Hoare & Co
Brown Shinley	11	Hanckona & Skanahi

Norwick Gen. Trest..... PK Floans, Intl (UK) 123 Provincial Trest Ltd 12 R. Raphael & Sons 11 dard Chartered ..., Trustee Savings Bolt ...

Westpar B'nking Corp 11 Whiteaway Laidlaw 111 Yorkshire Bank 11

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A FINANCIAL TIMES SURVEY

SMALL BUSINESSES The Financial Times proposes to publish

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Topics proposed for discussion include; THE INTERNATIONAL SCENE PUBLIC SECTOR FINANCE PRIVATE SECTOR FINANCE THE UK BUDGET FINANCIAL SERVICES OTHER SOURCES OF HELP SCIENCE PARKS CASE STUDIES

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FINANCIAL EUROPE'S BUSINESS NEWSPAPER

LONDON - FRANKFURT - NEW YORK

The size, content and publication dates of Financial Times Surveys are

subject to change at the discretion of the Editor.

The state of the s

Financial Times Wednesday February 4 1987 31 INDUSTRIALS—Continued | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 Finance, Land, etc

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Out of the strongerskyright

Account Dealing Dates *First Declara- Last Account Dealings tions Dealings Day

Feb 9 Feb 19 Feb 20 Mar 2 Feb 23 Mar 5 Mar 6 Mar 16 "New time dealings may take place from 9.00 am two business days earlier.

The UK stock market struggled to hold on to its latest peaks yesterday. against the backcloth of an uncertain Gilt-edged sector and an opinion poll reflecting bearishly on the Government's election

A mixed start in the New York equity market unsettled London equities at the close, when the blue chips were trending lower in modest

Share prices opened lower but rallied hopefully, ahead of Wall Street's opening. The final hour, however, brought a withdrawal of institutional support, leaving prices to turn easier. The FT-SE 100 index ended 42

down at 1828.6 after showing a ten point fall in early trading and a net rise of 14 at mid-session. Also slid-ing off its peak was the FT ordinary ex, finally 5.4 lower at 1458.5. Selling was not on any great scale—in fact US buyers were reported in Imperial Chemical Industries and some other multi-

But there were signs of internal strains in the marketplace. Glazo slipped back, as most of the marketmakers widened their trading spreads from 10p to 15p—a sure sign that they had suffered losses on Monday's spectacular rise in the

Jaguar stood out strongly as US buyers returned for the stock. But oil shares remained dull, as world oil prices looked unexciting and the Middle East situation darflict and the lengthening list of US and European hostages taken in

The Gilt-edged market looked auction of US Federal bonds the efforts of one buyer, firmed 2 which opens tomorrow (Thursday). But prices rallied from early falls in favourable response to the latest economic indicators from

The early losses reflected nervousness in the wake of the latest Harris opinion poll, according to a two point lead to the UK Labour Party. Dealers commented that the polls have shown an uncertain trend, and that, moreover, no early election in the

The latest UK currency reserve statistics were up to market expectations, however, and, expectations, however, and, helped by a rally in New York Bonds, UK Government issues steadied to close little changed from overnight. The FT Governsecurities index ended 0.04

Standard Chartered down Dealers' attentions in the banking sector switched to Standard 754p on nervous selling induced by fears of another share-dealing inquiry following a press claim

Shares slip back from peak levels while Government bonds steady in quiet trade

National Bank of Brunei, who then lent monies to Mr Tan Sri Khoo Puat in order for the latter to buy shares in Standard and belo thwart the unwelcomed bid from Lloyds Bank Elsewhere, the major clearers passed a quiet session with Midland closing 5 lower at 594p and NatWest 5 dearer at 579p. Else-where, First National Finance Corporation featured with a fresh

unsettled by staff defections to Willis Faber and, fears that it may have incurred losses on the sinking of an oil rig in Arctic waters remained on offer at 311p, down 4; Willis Faber relinquished 4 at 459p. Composites plotted an irregular course in moderate trading. Comrcial Union cheapened 4 at 310p and GRE declined 10 at 823p.

Allied-Lyons sprang to life on views that the shares had underperformed recently owing to the efforts of a large US seller. Volume increased amid talk of two broking houses recommending the stock to clients and the shares rose to 344p before closing 5 higher on the day at 342p. The Brewery sector as a whole was supported by a chart "buy" signal which encouraged "buy" signal which encouraged fresh institutional demand for Bass, up 4 at 817p, after 820p. Vaux traded more quietly but hardened to 580p while Wolverhampton and Dudley, which last week disclosed a stake of 5 per cent in Vaux, slipped 4 more to 285p. A relatively small trade in Guinness, 1.7m shares changed hands, largely between marketmakers, left the

price easier at 289p.

Demand persisted for leading Building issues although gains were rather more modest than of late. Blue Circle edged forward to close 3 higher at 696p, while RMC rose 12 more to 789p and Rugby Portland Cement added 2 to 200p. George Wimpey, largely reflecting ments, a current takeover favourite, touched 184p before closing 2 cheaper at 180p. AMEC were a particularly good market television cameras, jumped 12 at 298p, up 5. Elsewhere, Hendermore for a two-day gain of 59 at son Group continued to attract buyers on re-rating suggestions and gained 17 to 230p, a two-day rise of 31. Howard Shuttering put on 24½ to 77p in reply to the excellent interim figures, while Angle United gained 5 to 44p following the annual results and confident statement. Magnet and on rumours of a broker's circular. to 2130 amid revived speculative Lawrence encountered profit-tak-

ICI continued to trade firmly and touched £13¼ prior to closing unchanged at £13½. Elsewhere in the Chemical sector, Ellis and Everard revived with an improve-ment of 9 at 256p, while Croda International Deferred added 4 to also favoured and rose 4 to 187p. Wood Mackenzie's circular and continuing hopes of tax cuts in next month's Budget helped sus-

FINANCIAL TIMES STOCK INDICES Since Compilation Jan. 30 Jan. 29 28 High Low LOW 290 Kigh 80.39 (20/1/86) eculative gain of 12 at 233p. 85.35 85.31 85.35 81.15 80.89 127.4 85.31 Liovds broker Sedgwick, recently (9/1/35) 105.4 (28/11/47) 50.53 (3/1/5) 92.29 91.93 91.90 91.43 (23.7.86)1,463.9 (2/2/87) 1,427.0 1,163.9 1,463.9 1,094.3 1,458.5 1,463.9 1,441.0 1,440.4 338.2 357.8 185.7 734.7 (15/2/83) 309.7 313.5 321.8 322.6 331.1 3.B7 3.99 3.88 Ord. Div. Yield S.E. ACTIVITY 9.29 9.10 9.36 Earnings Yld,%(full)... Feb. 2 Jan. 30 13.10 13.20 11.54 Gilt Edged Bargains 13.55 13.26 123.0 283.0 2717.2 13.47 P/E Ratio (net) (*)_ 124Л 328.6 3000.5

40.150

50,710

1.484.45 | 1.344.33

34,168

43,671

225.4 598.8 546.3 580.3 575.1 Shares Traded (ml) 10 a.m. 1460.9 3 p.m. 1463.5 4 p.m. Opening 1455.2 11 a.m. 2 p.m. 1458.9 1460.7 1457.1 Day's High 1463.5. Day's Low 1454.9 Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nti=12.98

37,029

1.585.94

46,864

39,468

1,483,77

48.859

499.13

20,235

tain leading Stores. Around 8m Dixon shares changed hands and the close was 5 higher at 318p. while Gussies A added 1, at £11%. Marks and Spencer hardened 1/2 at 1901/2p. Elsewhere, Bedy Shop gained 12 more in a thin market to 970p and improvements of 5 and 6 respectively were seen in Freemans, 405p, and Empire. 200p. Lee Cooper, at 301p, lost 2 of the recent rise which greeted news of the increased stake taken in the company by Compagnie de Navigation Mixte SA. Among Shoe concerns, profit-taking clipped 6 from Streng and Fisher, at 166p.

SEAQ Bargains (5 pm)

Equity Ternover (£m)...

Equity Bargains

38,730

Molynx up again Molynx, the Gwent-based maker of mountings for closed-circuit 152p on further consideration of the change in management and placing of 39 per cent of the com-pany's shares with institutions and individuals at 126p a share. Elsewhere in Electricals, hopes of an end to the current engineers' strike 3½ to 229½p following a turnover of 8.6m shares. Farnell advanced 7 support, while gains of around 6 were seen in Applied Holographics, at 373p, and Atlantic Computer, at 344p. Unitech softened a penny at 242p despite the better-than-

expected interim results. GEN enjoyed another good trading session (some 6.2m shares changed hands), but sellers finally held sway and the close was 5 sion into the US by Hawker, the offer for Clarostat at \$74 per share,

move higher and closed 7 to the good at 458p. Elsewhere, a flurry of buying left Simon 12 better at 303p. but Hallite, still reflecting the profits warning, came under further selling pressure and gave up 7 more to 193p. Baker Perkins closed unaltered at 406p following con-firmation of Mr Robert Maxwell's stake of around 5 per cent, but APV

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

pliers firmed 5 to 165p in response to the good interim results, before which improved 5 more to 305 p. Buying ahead of the interim to dary issues continued to attract figures due soon left Courtney Pope buyers, notably Queens Meat 11 to the good at 220p. Diploma Houses, 1 dearer at 76p and closed 3 easier at 240p following Friendly Hotels, 13 up at 179p, the latter reflecting takeover hopes. reverting to the overnight 160p. 8, along with London International
The Hotel leaders displayed whch improved 5 more to 305 p.

Glaxo turns easier Sellers finally gained the upper hand in Glaxo after the recent outstanding show of strength and the shares settled with a fall of ½ on the day at £13.2 Elsewhere, among the miscellaneous industrial leaders, BOC, persistently bought of the miscellaneous industrial leaders and the miscellaneous and the miscellaneous

late ahead of next Tuesday's first quarter figures, closed 5½ loyer at 429½ p following news that the company has made a \$9m invest-ment in Circon Corporation of the US. Unilever met with selling and gave up 231/2 to 2370p, but Pilkington continued to edge higher and closed with a further gain of 2 at 693p. The appointment of Mr Nor-

eased 7 to 655p.

ASDA-MFI attracted a heavy twoway business in early trading, but

while the opening of a new retail the price, after edging forward to outlet in Rotterdam directed atten-151p, subsequently eased back to tion to Alexander Workwear, up 5 at close a penny cheaper on balance 385p. Thomson-T-Line, in contrast, at 149p. Other leading Foods fell 17 more to 438p on further finished a touch off in the absence consderation of the company's bid of further buying interest. Cadbury Schweppes eased 4 to 224p a gain of 7½ at 104½p in belated
and Rowntree Mackintosh softened 3 to 460p. Among the English China Clays were supported and put on 9 to 374p, while second-liners, resmake ported and put on 9 to 374p, while attracted support following a interest revived in Lilleshall at broker's recommendation and 245p, up 10. Bedfearn Glass, still added 3 to 143p, while Geest reflecting last week's announcegained 6 to 214p amid stake building rumours. Meat Trade Supin the company, advanced 19 further to 470p. Avon Rubber continued to make progress at 456p, up 8, along with London International

NEW HIGHS AND LOWS FOR 1986-87

LONDON TRADED OPTIONS

Apr. Jly. Oct. Apr. July Oct.

27

9 30 62

01₂ 03₄ 4 01₂ 21₂ 41₂

312

280 73 78 — 300 53 60 70

330 27 42 48 330 13 20 33 650 123 135 — 700 75 98 57 78 800 14 35 52

22¹2 — 14 16¹4 7 10

95 67 51

-68 --48

230 190 150

67 46 26

145 5 110 13 65 35

Feb May Aug Feb May Aug

11₂ 11 45

0¹2 1¹2 13

2 6 15 42 8 15 23 45

2 5 6 15 17 28 50 —

| Mar | June | Oct | 130 | 143 | 160 | 80 | 105 | 128 | 40 | 67 | 80 | 14 | --- | 66 | 69 | 75 | 46 | 49 | 56 | 30 | 36 | 43 | 13 | 21 | 27 |

460 155 — — 500 115 130 145 550 67 85 102 600 33 55 67

64 40 16

37 42 22 27 91₂ 16

32 41 18 23 9 16

80 40 9 87 52 20

31 11½ 2½

260 280 300 330 33 20 5 48 30 22 102

58 37 19

81₂ 28

20% 11 4

90 52 30 16 117 84 54 32

300 105 330 75 360 50 390 27

300 53 330 30 360 13

PAPER (4), PROPERTY (6), TEXTILES (7), TRUSTS (38), OILS (5), PLANTATIONS (1), MINES (5), NEW LOWS (4) INDUSTRIALS (3) Beaverco, CCA Galleries, Sidiaw, MINES (1) Musto

Feb. May. Aug. Feb. May. Aug.

1 11₂ 41, 8 13

291₂ 211₂ 14 8

81₁ 65₂ 512 412 31₈

80 87 97 0¹2 2 3 50 57 67 1¹2 4 7 20 37 45 6 12 17

19

46 26 9

75 29 5 85 47 20

Dealings in Pineapple Dance Studies resumed at 90p with a close of 92p compared with the suspension price of 78p following details of the £7.4m Premium Pen acquisition. Elsewhere in the Leisure sector Tottenham Hotspur, reflecting the club's successful run in cup competitions and the league, firmed 5 to 70p. Stanley Leisure gained 5 more to 221p and

Brent Walker added 7 to 277p. Dowty gave back part of Monday's good gain to close 3 easier at 247p but Lucas Industries furthered the recovery and ended 9 up at 550p. Fresh US support lifted Jaguar 7 to 608p, after 612p, but Lex Service gave ground following a cautious circular from BZW Securities and settled at the day's lowest of 341p, down 7. Perry Group, at 175p, surrendered most of the previous evening's late rise on the Goode, Durrant Murray acquisition of a 10.5 per cent share stake.

Revived buying pushed DRG up to 353p and the chairman's confident remarks at yesterday's annual meeting put St Ives 20 higher at 885p. Profit-taking. however, lowered Barham 4 further to 149p. Advertising Agencies again pursued an irregular course with Charles Barker, 126p, and Geers Gross, 91p, losing 4 apiece, but Valin Pollen gaining that much to 162p.

The Property leaders passed their quietest session for some time and settled with minor falls across th board. Land Securities were finally 2 cheaper at 345p and MEPC 3 off at 345p. Hammerson A slipped 5 to 445p, while recent favourite British Land softened 3 at 187p. News that the company had completed a series of acquisitions and disposals faile stimulate Peachey which shed 2 to 307p, but the announcement of increased interim profits poosted Property Security and Investment 3 to 145p. Takeover favourite Marfit-taking and slipped to 685p, but late demand left the close 5 higher on balance at 695p. Trafford Park Estates rose 15 to 300p and Mount-leigh firmed 4 to 235p.

Comment highlighting the group's longer-term potential. highlighting the after Monday's announcement of uninspiring first-half figures, gave Textured Jersey a strong boost and the shares jumped 16 to 151p. Dura Mill were another outstan-

ding feature, rising 8 more for a two-day gain of 23 to 101p since the excellent interim results, released late last Friday. Tomkin-Zoete Wedd on electronic components.

around 5 apiece. Profit-taking checked the upturn in Courtaulds. off at 392p, and lowered Allied Textile 8 further to 320p. Reflecting the sharp rise in its portfolio investments because of the strength of Far Eastern stock markets. China and Eastern Investment issues were bought; the Ordinary moved up 7 to 122p

while the Warrants rose 10 to 85p. Elsewhere in Trusts, Second Mar-ket advanced 8 to 196p and Authority Investments shot up 50 to 360p as one buyer took the market out their good run, closing 9 higher at 300p; the group is currently bidding for Barrow Hepburn but the offer is being contested.

Oils quiet

The oil majors showed little altera-tion following a quiet trade. Else-where, Clyde Petroleum firmed 2 to 66p on news that the company had agreed to acquire a further 9.4 per cent of Goal Petroleum from British and Commonwealth Holdings which increases its stake in Goal to 21.7 per cent. Clyde is also acquir-ing Bricomin, British and Common-wealth's oil and gas subsidiary in a deal which will give B & C 11 per cent of the enlarged Clyde capital. Goal responded to the increased stake news with a gain of 15 to 73p. Burmah attracted speculative buying and hardened a shade to 412p, but Conroy encoun-tered further Irish selling and set-

tled 9 down at 76p. A fall of \$5% to \$401% in the don bullion price helped take the shine off gold shares. Selling was light, however, and again reflected the uncertainty over the outlook for the US dollar rather

than any change of investment

Among those to give ground were Blyvoers, Driefontein and Vaal Reefs.Traders commented that these stocks were hurt by a withdrawal of buying interest in the face of currency uncertainties. Little heed was paid, however, to the reports that the Bank of Japan was resolved on a cut in interest

Traded options

Total contracts transacted in Traded Options amounted to 33,602, comprising 25,721 calls and 7,881 puts. Well over 25 per cent of the call option activity centred upon British Telecom where 5.487 calls were done in anticipation of an early end to the engineers' strike. Commercial Union were strike. Commercial Union were also active, recording 2,054 calls ahead of the forthcoming annual results scheduled for March 4.

Traditional Options

- First dealings Feb 2 Feb 16 Mar 2
- Last dealings Feb 13 Feb 27 Mar 13
- Last declaration May 7 May 28 June 11

May 18 June 8 June 22

For rate indications see end of Unit Trust Service Stocks favoured for the call included Lendon International. Ultramar, Southend Stadium, Pentland Industries, Bestwood, Conrey Petroleum, Godfrey Davis, London Abaco. Burndene, Wellcome, H. Cory, Amstrad, Trust, Rotaprint, Storehouse Newman Industries, STC, Smith and Nephew, Virgin, Squirrel Horn, Walter Lawrence, Victor Products, Times Veneer, Radiant Metal, Eglinton, British Syphon, World of Leather, Times Products and Elswick Puts were arranged in Southend Stadium, Ritey Lelsure, NU-Swift and Walter Lawrence, while double options were transacted in Guinness and

TRADING VOLUME IN MAJOR STOCKS

Reckitt & Col Sears Sedgwick Shell Trans Smith & Nephew Standard Chart 2,650 785 583 6,300 1,700 8,800 572 1,200 2,700 300 4,300

RISES AND FALLS YESTERDAY

Rises 17 5 431 157 22 2 37 57

LONDON RECENT ISSUES

SHE	Paid	Remot	198	687	Stock	Closing	+ 00			Green	
TiCE	ар	Dage	High .	Low		Price	-	Div.	Cov'd	Yield	Ratio
	F.P. F.P. F.P. F.P. F.P. F.P. F.P. F.P.	30/1 20/2 6/1 19/1 5/1 14/1 30/1 23/1 ————————————————————————————————————	78 34 63 72 119 120 29 121 180 158 115 78 53 53 107 106	65 24 37 61 114 105 24 95 146 64 1442 102 101 102	#Avesco (Reg) 1p Benson (SGB) #Border TV #Border TV #Borlish Gas #Gaynor Group 10p #Halk Homes & Gdns Sp #Harmony Leisure 5p #Hoslons Group 5p Legitol: 5p Legitol: 5p #Wezzanine 7st. Inc. Do. Capital 50p #ultiturus #Borlish French Inn. Tsl. Scot. Inv. Tsl. Warrants Scot. Inv. Tsl. Warrants Scot. Inv. Tsl. Warrants	25° 55° 55° 55° 55° 55° 55° 55° 55° 55°	+2 -1 ₂ -1 ₄ -1 ₂ -2 +1 +4		32 21 28 27 124 28 4.7 3.4 3.4 3.0	21 66 32 33 05 47 13 27	19.6 21.2 6.7 11.0 13.1 23.3 10.8 23.8 12.4 15.3 12.0
130	F.P.	8/1 27/2	125 185	119 148	∲Tribble Harris \$0.01 Viking Packaging 10p	120 183		RQ3.6c #3.5			17.6 17.7

FIXED INTEREST STOCKS

Price	Paid	Renunc	198	687	. Stock	Price	+ or
£	跛	Date	Hìgh	Low	L	2	-
101.61 \$100 \$99.237	530 550 F.P. F.P.	19/3 15/5 	124 497 ₂ 1071 ₄ 1004 ₂ 1139	1001 ₄ 100.4	Mid-Kent Water 84,% Red Prf. 1997 Mid-Sosser Water 11% Red Deb 2012-16 Wants Ive. Ts. 11% Deb. 2012 Wattomwide 114,% Bds. 187/88 P. & O. 54,% Cw. Red. Prf.	124 49 1004 1004 1127 ₂ 9	-12

"RIGHTS" OFFERS

Issue Price	Amoura Paid	Latest Remunc	198	W7	Stack	Closing Price	+ 07
	鹎	Date	High	LOW		D	
36 42	HII	16/3 20/3	10 pm 15 pm	10 pm 12 pm	Petranol 10p	10 pm 14 pm	-ï

official extensions for 1967. L. Estimated annualised dividend, cover and pre-based on latest annual earthquist. R. Forecast annualised dividend, cover relates to previous dividend; pre-ratio based on prospectus or other official estimates. W. Pro-Forma Figures 1 indicated dividends; cover relates to previous dividend; pre-ratio based on latest annualised dividend rate, cover based on previous year's earnings. T issued by tender. B. Officed holders of ordinary shares as a "rights." II il Introduction, "a Essend by word capitalisation. S. Placing price. §§ Reistroduced, §§ Issued in connection with reorganisation energy or takeover. M. Alfornent price. § Unified securities market. §? Official London listing. ‡‡ Including searnants entitlement.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

_	EQUITY	CDAI		Т	-				•	-	M	F.,		Year
	& SUB-SI			1	Tuesd	lay Fe	bruz	цy	3 198	7	Mon Feb. 2	Fri Jan 30	Thurs Jan 29	(approx.)
F	igures in parenthe: stocks pe			of Index No.	Day's Chang	Est Earnia Yieki (Mas	ngs E % Yi L) (A	ross Div. eld% CT at 9%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Index No.	index No.	Index No.	index No.
1	CAPITAL GOOD					8.1		3.39	15.56	0.74				
2	Building Materia Contracting, Cons	IS (2/) Struction i	(2R)	960.5				3.39 3.51	15.41 19.15	0.56		939.24	935.01 1321.59	
4	Electricals (12)		**************	(1942. <i>4</i>	6 -0.5	7.7	76 4	1.04	16.55	0.00	1952.75	1941.10	1910.02	1702.88
5 6	Electronics (38)							2.38	16.02				1723.04	1464.24 334.12
8	Mechanical Engir Metals and Metal	Formina	(7)	398.7				3.77 3.73	14.06 13.25	0.17 0.00		436.94 398.73		
9	Motors (15)			/ 311.4	5 -0.1	8.8	4 3	3.37	13.05	0.00	311.84	308.05	302.87	240,44
10 21	Other Industrial R							1.30	16.84				1277.03	
22	Brewers and Dist	illers (22	}	997.1				3.00 3.48	18.44	0.95			1029.92 966.27	783.01 793.89
25	Food Manufactur	ing (25) .		810.6	3 -0.6			3.48	15.94			799.77		575.38
26	Food Retailing (1	.6)		1958.9				2.77	20.24				1946.15	
27 29	Health and House Leisure (31)						- 1	L.92 3.77	24.18 19.21				1868.10 1105.22	
31	Packaging & Pap	er (14)		571.9				293	20.90		567.55		552.84	389.42
32	Publishing & Prin	nting (14)		3342.4				3.41	21.36				3266.98	
34 35	Stores (37) Textiles (17)		***************************************	880.5 641.3				3.07 3.16	18.66	0.25 0.00			871.13	
40	OTHER GROUPS	S (87)		901.1				3.67	14.01 14.67		649.30 898.53			429.06 724.98
41	Agencies (17)			1235.2	8 -0.2	4.6		L77	29.33	0.30	1237.15	1226.37	1216.93	0.0
42 43	Chemicals (21)			1197.6	4 +0.2			1.52	16.43				1149.09	802.98
45	Conglomerates (3 Shipping and Tra	1500rt (16		1127.A 1725.9	5 +0.4 3 -0.3			1.84 1.33	15.63 20.67			1125.86	1113.92 1713.39	0.6 1391.00
47	Telephone Netwo	rks (2)	W	917.6	1 +1.2			1.20	13.38	0.00			892.35	
48	Miscellaneous (2	4}		1225.2	6 -0.7	10.0		3.44	11.25	0.07	1233.57		1207.59	578.76,
49	INDUSTRIAL G	ROUP (48	32)	953.0		7.6		3.28	16.52		954.06			729.12
<u>51</u> 59	Oil & Gas (18)	EV /F001		1603.5		30.6		.65	11.90	0.00		1611.71		1118.26
61	500 SHARE IND FINANCIAL GR	EX (200))	UU7.9	0 -0.1	8.0		.61	15.66		1009.32		990.00	
62	Banks (B)			7147	9 -0.3 5 -	17.7		1.31 1.14	7.73	0.33	654.34 715.07		650.56 726.83	524.50 523.42
65	Insurance (Life) (91		925.2		1		119	[=]	0.00		924.73		
66 67	Insurance (Compi Insurance (Broke	osite) (7)		497.1	2 -0.6	1 ==		1.37	i . i		500.15		493.56	419.81
68	Merchant Banks ((11)		383.7		8.0		1.46 3.00	16.18	0.97			1194.95 382.97	1284.37 299.64
69	Property (47)			833.4		5.7		553	22.72		837.15		827.88	668.17
70	Other Financial (25)		408.3		7.3		3.73	17.26	0.62	407.49	406.32	406.31	294.85
71 81	Investment Trusts Mining Finance (2	5 (96) 21		923.2 366.7		85		49	i . <u></u> I	0.60	921.96	917.77	919.26	663.04
91	Dverseas Traders	(12)		826.4		9.7		.38 .42	13.80 12.44	0.00	371.31 828.55	370.35 832.75	371.51 834.88	262.67 623.01.
99	ALL-SHARE INC	EX(727))	912.1				3.70		0.61	913.67	903.29	899.10	694.83
				Index	Day'	s Day	's D	ay's	Feb	Jan	Jan	Јап	Jan	Year
_	FT-SE 100 SHAP	E INDE		No.	Chan	ge Hig	<u>6 L</u>	OW	2	30	29	28	_27	ago [
_	1 L1-2C 100 2UV	CE INDE	A †	1828.	<u> -4.2</u>	12834.	2 /182	2.5	1832.8	1808.3	1798.1	1812.1	1814.4	1431.6
	F1)	KED 1	INTE	REST					AGE GRO MPTION			Tues Feb 3	Mon Jan 2	Year ago (apprin.)
	PRICE	Tues	Day's	Mon	xd adj.	xd adl.			h Govern					
	INDICES	Feb .	change	Feb	today	70 acj. 1987		OUDGI		years		9.33 9.86	9.32	9.90
		3	%	2		to date	2 0	-Jupot	25	years years		9.86 9.87	9.85 9.86	10.46 10.47
	British Government	(\dashv	4 4	Aediu	m 5	years		10.33	10.33	11.58
1	5 years	120.98	+0.02	120.95	_ 1	0.85		OUPO		years		10.13	10.13	10.96
	5-15 years	134.84	1 -	134.86	_	1.37	6 A	ligh .		years		9.96	9.95 10.38	10.62 11.76
3	Over 15 years	141.75	-0.63	141.79	_	0.94		onbo		years		10.29	10.28	1117
4	irredeemables	154.65	+0.05	154.57	- 1	0.00	9		25	years		10.00	10.00	10.72
5	All stocks	132.48	_	132.48	_	1.12	_		emables	هجيت	 ‡	9.78	9.78	10.27
\neg	Index-Linked		-	 	~─-				-Linked					·
6	5 years	117.33	+0.66	117.27	_	0.00	끮	mat i Mari	rate 5% rate 5%		yrs	3.48 3.74	3.50 3.74	4.72 3.89
7	Over 5 years	114.20	1	114.10	_ 1	0.36			rate 10%		yrs	1.91	1.92	3.71
8	All stocks	114.68		114.59	_				1 rate 10%		5 yrs	3.58	3.59	3.74
			. 5.00	-27-37		0.30	15 0			5 yea	P\$	11.03	11.03	12.22
9	Debentures & Loans	117.13	-0.05	117.19	$ \top$	0.25	16 L			15 yea		10.99	10.99	11.93
10	Preference	82.64	+0.64	62.12		0.22	17			25 yea		10.95 11.35	10.94 11.42	12.12
					'	*42	18 P	TEIET	CITCE		T	اجست	1142	

Opening index 1822.8; 10 am 1830.9; 11 am 1826.9; Noon 1828.3; 1 pm 1829.6; 2 pm 1831.1; 3 pm 1834.0; 3.30 pm 1832.0; 4 pm 1827.0.

--181₂ 10 51₂

•6XE

231₂ 141₂ 91₂

38 24 14

120 127 82 95 45 57 20 29 31 35 18 23 10 13

| Option | Feb. | Mar. | Apr. | May. | Feb. | May. | Feb. | May. | Feb. | Mar. | Apr. | May. | Feb. | May. | Feb. | Mar. | Apr. | May. | Feb. | May. | Feb. | Mar. | Apr. | May. | Feb. | May. | May. | Feb. | May. | Feb. | May. | Feb. | May. | May. | Feb.

1 3 912 22 23

EQUITIES

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STOCKS

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WORLD STOCK MARKETS

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FINANCIAL TIMES **WORLD STOCK MARKETS**

WALL STREET

Late retreat outweighs initial gains

FAILING to follow through from their broad advance to record levels the previ-ous session, stocks edged lower yesterday in heavy trading, writes Roderick Oram in New York.

Bond prices gave ground in quiet trading in the face of a weaker dollar, stronger than expected leading economic indicators for December and the beginning of the Treasury's quarterly refunding auctions.

The Dow Jones industrial average closed down 10.97 points at 2,168.54. The markets opened strongly, but the Dow quickly gave up its eight-point gain on the day and fell back into a mixed pattern as profit-taking emerged. Most of the loss on the day came in the last half

Broader market indices were mixed, with the New York Stock Exchange composite index easing down 0.17 of a point to 157.28 while the Standard & Poor's 500 and American Stock Exchange composite index held on to gains of 1.54 to 277.99 and 1.41 to 305.56, respectively.

NYSE volume was heavy, rising to 198.8m shares from 177.4m on Monday

FT-Actuaries
All-Share Index

900

800

700

600

500|

MEW YORK

Silver (spot fixing)

Copper (cash)

Coffee (March)

London

Zürich

Paris (fixing)

Luxembourg

New York (April)

Oil (Brent Blend)

358.75p

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\$404.375

\$400.25

\$407.24

\$411.25

\$408.9

£1,617.50

\$1m points of 100%

£50,000 32nds of 100%

March

March

LONDON

20-year No

€877.50

\$18.05

\$401.25

\$401.95

\$405.38

\$403.25

\$407.20

£1,597,50

GOLD (per ounce)

with advances outpacing declines by 872

Among blue chips Eastman Kodak lost \$1% to \$76%, General Motors was off \$% to \$78%, IBM gained \$% to \$133, McDonald's edged up \$% to \$71%, Merck lost \$% to \$138% and Sears, Roebuck edged up \$\% to \$46\%.

Higher bond yields put some interestrate sensitive stocks such as banks and insurance companies under selling pressure. AIG fell \$1% to \$65%, Chubb dropped \$1% to \$62 despite a return to profit in the latest quarter, St. Paul gave up \$1¼ to \$45 despite increasing its dividend and Fireman's Fund lost \$% to \$36. Citicoro lost \$1% to \$56, J. P. Morgan slipped \$% to \$47%. Chase Manhattan dropped \$% to \$39%, and Manufacturers Hanover was unchanged at \$46%.

On the takeover front, American Medical International rose \$1% to \$19% following a \$20-a-share offer from Pesch, a closely held Chicago company which controls Republic Health. The bid values the group, which is a leading owner and

operator of hospitals, at about \$1.7bn.
Home Shopping Network fell \$\% to
\$38\% on the American Stock Exchange after it announced an impasse in its talks to acquire COMB, which fell \$4% to \$25% on heavy volume in the over-thecounter market.

Clarostat Manufacturing jumped \$3% to \$73% on the ASE following an agreed bid of \$74 a share from Hawker Siddeley of the UK.

American Cyanamid, whose takeover by Hoechst of West Germany has run into anti-trust problems, gained \$% to \$89% on a rise in fourth-quarter earnings to \$1.13 a share from 24 cents a year earlier. Among other chemical groups, Du Pont fell \$1% to \$97, Dow Chemical was unchanged at \$71% and Monsanto advanced \$1 to \$79%.

Among companies reporting higher profits, Pepsico eased down \$1/2 to \$31, Robins jumped \$1% to \$12% and Rubbermaid slipped \$% to \$26%.

Stocks of long-distance telecommunications carrriers were marked down following the Justice Department's recommendation that regional telephone com-panies be allowed to compete against them. MCI dropped \$\% to \$5\%, AT&T fell \$1 to \$23% and GTE gave up \$% to \$62%.

Credit markets were concerned yes-terday about how high Treasury yields might have to go to stimulate sufficient demand at this week's auctions. The 7.50 per cent Treasury long bond, more of which will be auctioned tomorrow, gave up % of a point to 992% at which it yielded 7.51 per cent.

Yesterday, the first part of the auction brought an average yield of 6.54 per cent on \$10bn of three-year Treasury notes.

The markets were not expecting the signs of strong growth given by December's leading economic indicators and factory orders. The 2.1 per cent rise in the indicators was the largest month-onmonth gain since January 1983.

TOKYO

Aids drug news gives only boost

PROFIT-TAKING pressure triggered by investor concern over high prices drove shares lower in Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press. Large-capital stocks and financial is-

sues, market leaders since the beginning of the year, lost ground along with blue chips. But issues related to acquired immune deficiency syndrome (Aids) drew large buy orders against the

The Nikkei average of 225 select issues shed 115.76 to 19,956.33, falling below 20.000 for the first time in four trading days. Volume remained heavy at 1.01bn shares, compared with Monday's 1.09bn. Declines outnumbered advances by 554 to 313, with 138 issues unchanged.
On the trading floor, Nippon Steel

topped the active list with 256.38m shares changing hands. The issue got off to a firm start, supported by foreigners' buying, but came under selling pressure later to end Y2 lower at Y255.

Ishikawajima-Harima Heavy Industries fell Y9 to Y476, Mitsui Engineering and Shipbuilding Y2 to Y185 and Nippon Kokan Y4 to Y258.

closed Y110 and Y20 lower at Y8,300 and Y1,170, respectively.

Institutional investors' selling depressed financial issues, with Sumitomo Bank sliding Y120 to Y3,200, Fuji Bank Y50 to Y2,670 and Mitsubishi Trust and Banking Y110 to Y3.910.

Also on a weak note were non-life insurance stocks and securities houses, including Tokio Marine and Fire and Nomura, which finished Y20 and Y30 lower at Y2,150 and Y3,780, respectively. Blue chips, which gained on Monday

on the strength of the yen's weakness against the dollar, turned lower, hit by small-lot selling. Hitachi lost Y30 to Y1,040, Matsushita Electric Industrial Y20 to Y1,890 and Fuji Photo Film Y60 to

Budget-affected issues were still out of favour, with Kajima Corp slipping Y20 to Y1,500 and Taisei Corp Y3 to Y970.

However, very large buy orders were placed in the afternoon for issues related to Aids following reports that the Health and Welfare Ministry's expert panel had confirmed that interferon was effective in limiting the spread of the vi-

Buy orders of 270m shares were placed for Toray, a pioneer in interferon development, and turnover totalled 14.71m shares. The issue scored its daily permitted gain of Y100 to Y685.

Sumitomo Chemical, the second-bus-iest issue with 43.96m shares traded, jumped Y30 to Y540. It has a subsidiary planning to commercialise interferon. Sanyo-Kokusaku Pulp leaped Y32 to Y504 on reports that an artificial sweetener developed by the company may be effective against the Aids virus.

Among other Aids-related stocks, Toyobo rose Y28 to Y440, Denki Kagaku Kogyo Y23 to Y518 and Ajinomoto Y20 to WE MAKE THE "IMPOSSIBLE" DREAMS COME TRUE!

Bond trading was lacklustre, with investors retreating to the sidelines to await the outcome of auctions of US Treasury securities worth \$29bn.

The yield on the benchmark 5.1 per cent government bond, maturing in June 1996, declined to 4.830 per cent in early trading but then rose to end at 4.855 per cent compared with Monday's 4.845 per cent.

SOUTH AFRICA

94.50 94.52 94.48 94.49

93.73 93.69 93.70

114-22 114-26 114-16 114-26

WEAKER bullion prices contributed to an easier trend in gold shares in thin Johannesburg trading.

Southvaal fell R3 to R209 and Driefontein slipped 35 cents R76,65. Against the trend were Kinross, which firmed 50 cents to R65, and Gold Fields, which added 25 cents to R68.

Other minings were generally lower with Rustenburg losing R1 to R54. But De Beers moved higher, gaining 35 cents

Industrials were generally firmer.

Dollar fuels fresh plunge in Frankfurt

THE FRESH slide in the dollar pushed Frankfurt share prices into another free fall yesterday and took the Commerzbank index down 49.8 to 1,732.7.

This is the second time the index has fallen to a 12-month record low in less than a week, the last plunge taking it to 1.741.1 on January 28

Fears over the dollar's effect on West German exports easily outweighed Wall Street's record performance on Monday as foreign investors sold their positions and small domestic purchases failed to make up the lost ground.

Once again leading blue chips were worst hit by the fall. Deutsche Bank lost DM 10 to DM 712 and Dresdner DM 13.20 to DM 346.80, both new 12-month lows, while Commerzbank was DM 11 lower at DM 277.

Cars also saw big losses, with Daimler, badly hit last week as well, down DM 34 to DM 963. The Economics Ministry said the European Commission was investigating a second case in which Daimler might have received state aid inconsistent with EEC competition

VW lost DM 23 to DM 324 and BMW DM 10 to DM 49 while Porsche was DM 20 lower at DM 870.

Siemens saw a DM 18 fall to DM 645 after little-changed first-quarter results. AEG was down DM 11 at DM 285.

Steels group Thyssen, which held its annual press conference, lost DM 4 to DM 109.50. Engineerings were steady or

Bonds firmed on the dollar's decline which spurred demand for longer-dated issues, up to 50 basis points higher at the close. The Bundesbank bought DM 66.4m worth of paper

Stockholm was buoyed by lower credit market interest rates, a big net inflow of currency last week and a bullish economic forecast by the Federation of Industries. The Swedish trade unions' decision not to renegotiate their wage contracts also helped

The Veckans Affarer all-share index gained 19 to 830.7, and the J & P index rose 51.11 to 2,258.25 on turnover worth SKr 475m - the highest this year.

The value of total stock traded rose by 2.34 per cent. Electrolux gained SKr 8 to SKr 296 in

advance of news of flat 1986 profits. Madrid reached yet another record high in heavy trading as the bourse index added 3.75 to 249.66.

Constructions and utilities were strongly ahead, with Vallehermoso up 12

percentage points at 526 per cent of

nominal market value and Iberduero rising 7.5 points to 153.50 per cent. Telefonica gained 5 points to 185.50

per cent. However, banks tended easier, and

chemicals were mixed. Amsterdam finished a little lower after opening down and then steadying at mid-session as the dollar recovered slightly against the guilder. The uncertain currency outlook kept many inves-

tors out of the market.
Papermaker KNP, which said it expected a 50 per cent increase in 1987 sales, was off Fl 2 at Fl 140.80.

Zurich was driven lower by the dollar's weakness as prospects for a Group of Five meeting faded and US investors sold heavily. The Credit Suisse stock index eased 2.9 to 546.6.

Banks were generally lower, but Bank Leu added SFr 5 to SFr 3,655. Another rare advance was Ciba Geigy, up SFr 20 to SFr 3,230.

Paris moved lower across the board, upset by the dollar's fresh decline and a forecast of lower short-term industrial output made by the National Statistics

Shares in Skis-Rossignol closed at FFr 1,380 after plunging FFr 110, or 6 per cent, in the last two sessions following controversy between the members of the French world championship ski team and the ski and sports equipment

Members of the team have criticised Skis-Rossignol equipment during the current ski events at Crans Montana in Switzerland.

Brussels was unchanged to lower as the view spread in calm trading that

stocks were overvalued. Petrofina dropped BFr 80 to BFr 9,310, while Société Générale de Belgique lost BFr 95 to BFr 3,200.

Milan ended mixed in thin trade, with Fiat 1.30 higher at 1.13,630 after selling. its 40 per cent stake in the Rockwell CVC joint venture company to Rockwell

Oslo was little changed in heavier trading than in recent weeks. Frankfurt background, Page 17.

LONDON

AFTER a lower start share prices rallied hopefully in London ahead of Wall Street's opening. But they failed to hold on to Monday's peaks and turned easier towards the close, unsettled by a mixed New York market, an uncertain UK giltedged sector and an opinion poll putting the opposition Labour Party slightly

The FT-SE 100 index finished 4.2 lower at 1.828.6 after a 10-point fall in early trading while the FT Ordinary index was down 5.4 at 1,458.5.

Bond trading was cautious in advance of the auction of US Federal bonds opening tomorrow. But prices rallied from early falls to a little-changed close on the latest economic indicators from the US.

Chief price changes, Page 33; Details, Page 32; Share information service, Pages 30-31.

SINGAPORE

BUOYED by hopes of good year-end results, Singapore continued its climb over a broad front, begun on Monday.

Despite some late profit-taking the Straits Times industrial index added 5.06 to close at 972.83, its highest level since August 7 1984. Turnover was almost double the previous day's 26.1m at

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Blue chips were bought heavily by institutions and included banks DBS, up 15 cents at S\$10.35, and OCBC, up 10 cents at S\$9.75. However, UOB lost 2 cents to S\$4.42 and OUB was unchanged at S\$3.24.

Other blue-chip gains included Genting, up 10 cents at S\$7.10, and Sime Darby which rose 5 cents to S\$2.66.

The profit-taking also left some other quality stocks unchanged to lower. Fraser and Neave was steady at S\$9.85, Singapore Land shed 10 cents to \$\$5.95, Singapore Press was also 10 cents down at S\$7.80 and Cold Storage fell 2 cents to

AUSTRALIA

RENEWED INTEREST after five days of decline pushed the market sharply higher in Sydney in generally thin trad-ing, with blue chips the main focus of attention. The All Ordinaries index closed up 15.6 at 1.502.5.

Resources were active and higher, with BHP rising 6 cents to A\$9.22 and Bell Resources gaining 17 cents to

Media stocks were mixed, with Herald and Weekly Times and News Corp in the takeover area both ending unchanged at A\$15.00 and A\$17.50, respectively. In banks ANZ added 20 cents to

A\$5.70 and Westpac 10 cents to A\$4.75. FAI insurances, which has lifted its stake in Hill Samuel, the British merchant bank, rose 10 cents to A\$9.30 after higher profits.

HONG KONG

BRITISH-BASED fund managers were active buyers of bank shares in Hong Kong, with demand for the sector attributed to a stable local currency after its recent fluctuations Hongkong Bank rose 15 cents to

HK\$9.80, and Hang Seng Bank picked up 75 cents to HK\$42.75.

Elsewhere, profit-taking pared early gains though the Hang Seng index still managed a net 21.14 rise to 2,696.38.

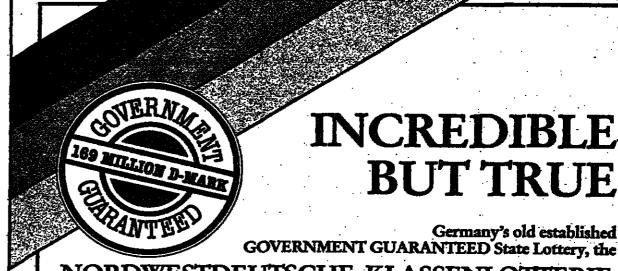
Cheung Kong put on 25 cents to HK\$40.25, Swire Pacific 20 cents to HK\$20.10 and Jardine Matheson 10 cents to HK\$22.60.

CANADA: 12 THE PERSONS INC.

THE BULLISH mood continued in Toronto in active trading, with industrials and utilities leading the rally. Bell Canada led the advance in brisk

trading gaining C\$\% to C\$40. Metals were also firmer, with Falconbridge rising C\$% to C\$17% and Noranda putting on C\$% to C\$24%.

Montreal also moved higher.



INCREDI **BUT TRUE**

Germany's old established

NORDWESTDEUTSCHE KLASSENLOTTERIE Next lottery will start March 27th 1987 and will last for 6 months.

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Street								<u>: -</u> .	
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Country			K	indly enclose o	heq	ue wit	h your		78

S&P Compos LONDON FT Ord FT-SE 100 FT-A 500 FT Gold mine FT-A Long git TOKYO Tokyo \$E AUSTRALIA All Ord. Metals & Min: AUSTRIA Credit Aktier DELGIUM Belgian SE CANADA Toronto Metals & Mini Composite **Montreal** Portfolio DENMARK FRANCE CAC Gen Ind. Tendance WEST GERMAI **FAZ-Aktien** Commerzbani HONG KONG Hang Seng Banca Comm. METHERLAND ANP-CBS Ger ANP-CBS Ind NORWAY Oslo SE SINGAPORE Straits Times SOUTH AFRICA JSE Golds JSE industrials 1,529.0 1,093.8 9% March 2016 112.358 SPAIN 93.922 8% April 2016 Madrid SE 245.91 110.72 SWEDEN 9% March 2016 103.254 J&P 2,258.25 2,207.14 1,732.61 SWITZERLAND FINANCIAL FUTURES Swiss Benk Ind 581.60

1986 87 STOCK MARKET INDICES CURRENCIES Year ago **US DOLLAR**

KEY MARKET MONITORS

STERLING
Feb 3 Previous
1.5280 1.5240
2.7475 2.7560
232.75 232.50
9.1725 9.1850
2.3175 2.3250
3.0975 3.1075
1,956 1,961.50
56.75 57.05
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